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Callaghan hints at concessions in Phase Three

State involvement in Leyland plan to be reviewed

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT The Government is to undertake a review of its involvement in the £1.3bn. reconstruction of British Leyland...

France may agree to EEC export credit guidelines

BY DAVID BUCHAN BRUSSELS, March 1. OFFICIALS in Brussels said today that they were 89 per cent certain that an EEC Finance Ministers' meeting on March 14 could agree on Community guidelines on export credit.

Beecham in \$82m. U.S. deal

BY TERRY WILKINSON, CITY STAFF BEECHAM GROUP, the U.K.-based pharmaceuticals and consumer products group, is to buy for \$82m. the Calgon consumer products subsidiary of Borden and Co. the big U.S. pharmaceutical company.

Bid rejected

Standard Chartered Bank's bid for the Bank of California has been rejected by the bank's parent company.

Other products include Calgon and Calgonite, respectively a water softener and dishwasher detergent.

FEATURES 16 Appointments 21 Letters 27 Wall St. & Overseas 23

U.S. charter for S. Africa black labour

BY STEWART FLEMING NEW YORK, March 1. SEVERAL U.S. corporations are backing a controversial new programme to promote civil rights for the black employees of their South African subsidiaries.

BP and Shell accused

Allegations that British Petroleum and Shell have been indirectly involved in breaking sanctions against Rhodesia are to be raised in the Commons today and are likely to be discussed at a BP Board meeting to-morrow.

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Table with 2 columns: Item, Change. Includes Treasury 3pc 1982, Exchange rate 141pc, etc.

THOMSON'S EQUITY & LIFE BROKERS LTD The Surcharge and Higher Rate Tax. The combination of these taxes leads to top rates of 98p in the pound...

Death in the afternoon

by CHRIS DUNKLEY

Watching daytime television is like being wrapped in a damp, woolly blanket. The buckets of tepid golden light are slowly poured over you. Every now and then you are jerked upright as some yellow in your ear "Buyer's Little Liver Pills" or something similar.



Down on Emmerdale Farm (Yorkshire TV)

They have passed since the day of the restrictions on their television. The BBC has a steady deterioration of them, concerned with all care in one way or another, if of them are repeats.

grammes within the week of a quarter of an hour for young children. With this development in mind, and with the ominous suggestion already emanating from Yorkshire, that ITV schools programmes might in future be distributed on cassette leaving the whole morning free for seven more rissoles, I spent the past week catching up on Marcus Welby, the Sudgets of Emmerdale, and on ITV's daytime television generally to see what has happened to it in the last couple of years.

have just about the same amount of time devoted to non-fiction even if the programmes differ a little. Of course if you are an unmarried nurse or policeman (or for that matter, policeman) of duty, interested in squash or modern jazz, none of this is going to satisfy your special interests.

It is in the proportion of time taken up by non-fiction programmes such as this one best taken to use the phrase "current affairs" because a lot of the subject matter is no more current than Hicks' flower that the balance has changed for the better.

Mrs. Warren's Profession

by MICHAEL COVENEY

Do the young, middle-class idealists of to-day spurn the advantages offered to them by the ill-gotten gains of their parents as cold-bloodedly as does Shaw's Vivie Warren turn her back on a place in society secured by her mother's success with European chain of brothels? Of course, Vivie is prim to the point of puritanism and is almost naively contemptuous of her mother's natural flamboyance.

Covent Garden Otello

by RONALD CRICHTON

Jon Vickers, having failed to make his peace with Wagner's *Die Walküre*, she is a *grande* *Tonhaußer* for the projected *Otello* instead. Otello but intensely wounded and shocked by his accusation.

Two concerts are to be given this month in aid of the Multiple Sclerosis Society. The first, at St. John's, Smith Square at 8 p.m. on Sunday, March 13, will be given by Julian Lloyd Webber and Yitkin Seow.

Travesties or Zurich 1917

by OSSIA TRILLING

There could be no more appropriate city to which to go than Zurich to see Tom Stoppard's *Travesties*. It is directed at the Zurich Schauspielhaus by the German-born director, Peter Aaron.

housed pending the rebuilding of their original home, the old "Theater am Pfauen" (also pictured in the production), the visual commentary succeeds most effectively. The absurd juxtaposition of fact and fiction is the more effective because it is so much more deliberately exploited than in the earlier productions, to give an added flavour to a theatrical concoction that is largely a reflection of the disordered recollections of the doddering old consular official, Henry Carr, that most unreliable eye-witness of what took place in Zurich in 1917.

Hermann Prey indisposed

London debut

Hermann Prey, who was to have appeared with the Orchestra of St. John's, Smith Square, tonight, is indisposed. His place will be taken by Thomas Allen.

A Thought in 3 Parts

by B. A. YOUNG

The thought, if I am not mistaken, is that sex is nice. In the sex scenes of Wallace Shawn's play, sex is demonstrated in great ricty man and woman, man and woman, man and woman, man alone, and variations that I need not specify here.

Not all the week's honours went to the Schauspielhaus company. To judge from the reactions of the audience, at the Corso Cinema, where the company are

Albert Hall

Frank Sinatra/The Drifters

It takes a lot to cause an uprising among the super-rich. It takes, in fact, Frank Sinatra. He had to work for it but by the end of his hour-long stint at the Monday night charity performance at the Albert Hall the furs were on their feet and looking quite animated.

Frank Sinatra was amiable, but almost dreamlike in his detached heekler for injecting something unexpected into another show. He said the right things; he sang the right songs; he entertained the right songs; he entertained the right songs; he entertained the right songs.

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EUROPEAN NEWS

Madrid Communist summit security tight

BY OUR OWN CORRESPONDENT

MADRID, March 1.

EXCEPTIONAL SECURITY measures will be mounted by the Spanish police to-morrow for the start of the two-day Eurocommunist summit meeting to be held in a Madrid hotel.

Sig. Enrico Berlinguer, secretary-general of the Italian party, and his French opposite number, M. Georges Marchais, begin talks to-morrow afternoon with Sr. Santiago Carrillo, the Spanish party leader.

The three men and their advisers are expected to discuss a wide range of issues, but it is far from certain that the conclusion of the talks will produce a document backing the stance of dissidents in the Soviet Union.

One of the main objectives of the French and Italian delegations will be to show the international support that exists for the legalisation of the Spanish party, which is awaiting a Supreme Court decision on its application.

The Civil Governor of Madrid has banned a meeting planned for to-morrow evening, during which the European leaders were to meet hundreds of party militants in Spain. Instead, the Communists are to hold a cocktail party and are also arranging a news conference.

Apart from the police measures, the Communists will be providing their own security screen, considered

necessary because of the recent upsurge of political violence in Madrid.

Tension is meanwhile growing as a result of the farmers' strike, which has brought out nearly 25,000 tractors on to the road in northern and north-eastern Spain. Riot police and para-military Guardia Civil were in action early this morning, trying to clear hundreds of tractors that had been used to block main roads in the area round Valladolid, and two dispute leaders were arrested at their homes.

The row, which started over the price for this year's potato crop, has rapidly widened to include a range of issues such as the right of farmworkers to form their own

trade union, and to receive social security benefits.

An appeal for a return to normality from the Minister of Agriculture has been answered by demands for an interview with Prime Minister Adolfo Suarez. The farmers say that because at least five Ministries are involved in the dispute, it is only the head of Government who can resolve it.

Farmers in the central region are threatening to join the protests to-morrow and to block roads leading out of Madrid. Some more extreme left-wing parties are also trying to bring out farmworkers in the south of the country, where unemployment is particularly heavy. Editorial comment, Page 16

Jenkins backing for Portuguese entry bid

By David Curry

PARIS, March 1.

MR. ROY Jenkins, president of the EEC Commission, has urged the French Government to give an enthusiastic response to the expected Portuguese application for Community membership. Mr. Jenkins said that while the economic problems of Portugal would be serious, the country's accession would bring "a great deal of benefit to the EEC".

While insisting on the EEC's "moral duty to sustain the nascent, recent and frail" democracy in Portugal, he warned that serious difficulties were posed by the state of Portuguese agriculture, industry, EEC policies on labour and capital movements and Lisbon's ability to adhere to the Lome Convention governing EEC relations with developing countries.

Mr. Jenkins was implicitly critical of the decision of the Council of Ministers last year to over-ride the Commission's recommendation for a pre-entry period of economic adjustment for Greece before she became a full EEC member. He thought that the council "had learned from that experience".

Discussing French attitudes to EEC problems he noted that the renewal of the regional fund (initially approved for only three years) was subject to some differences of view between France and Brussels. While saying that the immediate future of the Common Agricultural Policy was not an area of difficulty in relations with France he said that he had urged France not to breach Community rules in seeking a solution to the renewed flood of cheap Italian wine into the French market.

It appears that the French Government is still hostile to the Community as such, being represented at the forthcoming Western economic summit meeting.

Mr. Jenkins said he had not discussed the sale of surplus EEC butter by a French import-export company to the USSR. However, he added that he thought a balance had to be struck between the disposal of butter within the EEC at subsidised prices on social grounds and its export.

There are some indications that the French are unhappy about the decision to suspend export subsidies on butter to give "a pause for reflection". It is being pointed out in Paris that the British, with their own food imports heavily subsidised by the EEC because of the artificial parity of the green pound, are the last people to urge the right to complain about the system.

Moscow dissident group pledges to continue work

BY DAVID SATTER

MOSCOW, March 1.

THE DISSIDENT committee to monitor Soviet observance of the Helsinki accords to-day held its first meeting since the arrest of two of its members and pledged to continue its work. Mr. Anatoly Shecharansky, a member of the group, said that the committee would continue to document allegations of human rights abuses in the Soviet Union, until either the Helsinki follow-up conference in Belgrade this June or until "the arrest of all our members".

The monitoring committee announced that "in answer to the pressure of the authorities and the arrest of two of our leaders" the committee was being joined by two new members, Dr. Orlov, a physicist, and Professor Naimon Melman, a mathematician. The committee also announced that Lyudmila Alexeyeva, a Helsinki group member who recently emigrated, would remain a member of the group with responsibility for representing the Soviet Helsinki Committee abroad.

In its first business in recent weeks, the Helsinki committee announced that a report from the affiliated Helsinki monitoring group in Lithuania indicated that seven searches were conducted during February in the city of Kaunas, that two workers were arrested in Ionova, and that religious and national literature was confiscated during searches. The group also released a letter calling for the release of Dr. Orlov signed by 107 persons and a letter signed by 37 persons in support of the signatories of the Charter 77 manifesto in Czechoslovakia.

Dr. Orlov's wife, Irina, said that although it has now been almost three weeks since her husband was arrested she has not been able to find out what crime he has been charged with. She said that the Russian republic provides that a man must be charged within 10 days of his arrest but does not

require, as it does in other Soviet republics, that the family be notified of the charges. Mr. Ginzburg's wife, Arina, said that a search of his apartment in Tarusa on February 22 lasted 19 hours and that the search was being carried out by anti-Soviet agitators. Mr. Shecharansky said that the committee would continue to document since the arrests of Dr. Orlov and Mr. Ginzburg in Moscow, demands for Jewish and a Ukrainian Helsinki group emigration in recent weeks.

Dutch minister sees civil rights leader in Prague

PRAGUE, March 1.

DUTCH FOREIGN Minister Max van der Stoep, a guest of the Czechoslovak Government, had an unprecedented meeting to-day with a human rights campaigner, Vilim Palouš, the communist leader of the Prague Spring movement. Mr. van der Stoep spent 20 minutes in his hotel with Professor Jan Patočka, a spokesman of the Charter 77 movement which is demanding greater freedom in Czechoslovakia. It was the first time a foreign statesman had conferred with a Czech campaigner for the human and civil rights set out in the constitutional charter.

The Dutch Minister had already told Czech leaders that he was embarrassed that the Communist Party had not consolidated the bloc's political entity. The human rights movement, in particular the denunciation by western activists of the measures against the Soviet-led invasion of Czechoslovakia, had embarrassed the Communist Party.

Mr. van der Stoep said later that the meeting had not been arranged in advance. He had informed that Professor Patočka had come to the hotel hoping to see him and he agreed to the meeting. Paul Lendvai writes from Vienna: The problems posed by

the human rights movement and by the new political situation in Czechoslovakia, will dominate a conference of bloc party secretaries in Sofia to-morrow. The first of its kind since the last senior conference in 1976, in Warsaw, Moscow has long been an organized action to consolidate the bloc's political entity. The human rights movement, in particular the denunciation by western activists of the measures against the Soviet-led invasion of Czechoslovakia, had embarrassed the Communist Party.

Mr. Edward Beinen was a US lawyer and in 1968 that Mr. Alexander Solzhenitsyn has hired him to represent Alexander Ginzburg, he a dissident arrested by last month. UPI wires

THE PARTY IN SPAIN

Aspirations and reality

BY ROGER MATTHEWS IN MADRID

"NONE CAN be Communist and Catholic, and capitalism can live together alongside socialism," says Sr. Manuel Azcarate, a member of the central committee of the Spanish Communist Party and one of the organisation's most prominent intellectuals. His views articulate the profound change that the Spanish party underwent during the decade of the 1960s when it "became clear that General Francisco Franco was not going to be overthrown by a working-class-led revolution and that the vast economic transformation that the country was enjoying had equally altered the social and political framework of the nation."

Sr. Santiago Carrillo, the party's secretary-general, has led the move away from the "dictatorship of the proletariat" and towards the recognition "that in order to achieve power without revolution and bloodshed a very long time scale must be envisaged." He reverts to Lenin to justify this apparent ideological switch, "not to a single phrase but to an essential idea which Lenin rightly developed after the October Revolution—that every party should be capable of divining, inventing, imagining, the forms which the revolution might take in its own country, and that it is no use copying from others."

Sr. Azcarate has not the issue more bluntly. "The Soviet Union is not a model of socialism to be imitated. Leaving aside the historical reasons which led to its present condition, there are a number of aspects that we reject, above all the party structure. The Soviet Union lacks political liberty, cultural freedom and the participation of the masses in the decision-making process." In practical terms this led to the Spanish party's condemnation of the Soviet-led invasion of Czechoslovakia in 1968 and a great deal of heart-search-

ing over the fall of President Allende in Chile in 1973. The conclusion of the most progressive wing of the Spanish party is that Dr. Allende should have realised that he was not carrying an important part of the country with him, should have gone to the polls, suffered his electoral defeat and "thereby the cause of Socialism through democracy would have been better served than by a bloody Fascist coup." Sr. Azcarate says that his party

The split in Sweden's small Communist Party could have serious political consequences, writes our Nordic Correspondent. The party's Stalinist faction voted on Monday night to form its own party, a move that may so weaken the main party that it might be unable to win in the 1979 elections the 4 per cent of total votes needed to ensure parliamentary

representation. The Social Democrats, who were last year forced into opposition after 44 years in government, would then have to achieve a majority on their own to be able to unseat the non-Socialist coalition Government. The Communist split seems to have been a co-ordinated coup against party leader Lars Werner by the rebel faction led by Mr. Rolf Hagel.

Mr. Hagel is a former member of the party's central committee and has been in the past very active in the relations with the powerful Roman Catholic Church

"except if it interferes in the country's political life" and at least for the moment "the party accepts the presence of United States military bases in Spain" even though it adds that it is basically opposed to all foreign bases "whether they are U.S. ones in capitalist countries or Russian ones in Socialist countries." However, it is through economic policy, its desire to join the Common Market, and

desire not to frighten the middle classes. With the words "social pact" on the lips of many industrialists and to few members of the Government, the Communists would obviously like to demonstrate that they alone have the discipline and extensive working class base to make any deal on wages a practical proposition.

The continuing deterioration of the economy will undoubtedly prove a key factor in deciding the importance that the Government will eventually be forced to concede to the Communists. Sr. Carrillo has proved rather reticent in his statements on economic policy but recognises that Communist aims must essentially be long-term and would proceed through "endeavours to capture—the fortresses of big capital. That is to say the big monopolies. Small and medium-sized companies will be favoured thanks to the nationalisation of credit which will be distributed in the general interests of society and no longer in accordance with the private interests of a few big monopolies."

Meanwhile, the Communist Party is willing to see if the regime will grant it legal status under the Spanish Code, which the Cabinet has passed the task of deciding whether the party's aims and structure infringe the provisions of the Penal Code, has already begun its deliberations. But behind the decision lies the bitter hatred of the Communists among some members of the regime as an inheritance of the Civil War and an attitude assiduously fostered during the rule of Gen. Franco. The leopard may seem to have changed its spots but, ask the Communist Party's opponents, should the conditions be created whereby it can increase its influence and demonstrate once again that it has merely painted its spots over for purely tactical reasons?

especially the trade union weight the party claims it has in Spain, that most of its more immediate influence is likely to be felt. During the sixties the workers' commissions, arguably the largest trade union force operating in Spain, was assiduously built up under Communist guidance, despite repeated efforts by the regime to smash it. Recent divisions within the worker commissions have effectively reduced the influence exercised by the political parties to the left of the Communists who advocate a single structure to represent working class interests.

The strong influence of the majority line in the workers' commissions, that is the now almost totally dominant Communist Party, has been seen in the past in the relatively moderate line on industrial disputes which is coupled to the parallel political

reasons? The Communist Party is willing to see if the regime will grant it legal status under the Spanish Code, which the Cabinet has passed the task of deciding whether the party's aims and structure infringe the provisions of the Penal Code, has already begun its deliberations. But behind the decision lies the bitter hatred of the Communists among some members of the regime as an inheritance of the Civil War and an attitude assiduously fostered during the rule of Gen. Franco. The leopard may seem to have changed its spots but, ask the Communist Party's opponents, should the conditions be created whereby it can increase its influence and demonstrate once again that it has merely painted its spots over for purely tactical reasons?

Mr. Hagel is a former member of the party's central committee and has been in the past very active in the relations with the powerful Roman Catholic Church

W. German N-expert denies charge

By Adrian Dicks

BONN, March 1.

DR. KLAUS TRAUBE, the West German nuclear expert who lost his job last year because of suspicions that he was associated with terrorist groups, denied the charge to-day and attacked the minister of the Interior, Herr Werner Maihofer, for authorising a clandestine bugging operation against him.

Dr. Traube said to-day that although he had known for ten years a Frankfurt woman lawyer, Frau Inge Hornischer, he had been unaware that the police and security authorities among terrorist sympathisers. He also insisted that he had known nothing of the intentions of Hans-Joachim Klein, who visited Dr. Traube's house for several days in November, 1975, and less than three weeks later took part in the terrorist attack on OPEC headquarters in Vienna.

At the political level, meanwhile, Chancellor Helmut Schmidt this morning backed up the Interior Minister, saying that he had no criticisms to make

Snags for EEC in nuclear pact

BY DAVID FISLOCK, SCIENCE EDITOR

general of the IAEA, has described it as the most important event in international safeguards of the last five years.

But the EEC's problem is whether to place any restrictions on the nationality of the IAEA's inspectors. In principle, the agreement opens doors to inspectors from the U.S., the USSR or Japan—all potential rivals of EEC countries—giving them access to some of the most commercially secure information in high technology available anywhere in the world to-day. Moreover, the agency wants to show its presence as soon as possible in some of these installations.

Dr. Sigvard Eklund, director-

Delay of Irish trawler ban irks fishermen

By Giles Merritt

DUBLIN, March 1.

THE IRISH Government to-day faced angry reactions from the leaders of fishermen's organisations following its agreement to postpone for a fortnight the unilateral ban on large trawlers that was to have come into effect to-day.

As if to stiffen the Irish fishing industry's resolve, Capt. Gudmundur Kjaerstad, commander of the Icelandic Coast Guard vessel Freyer and hero of three sea wars, officially opened Ireland's new show and fisheries exhibition in Dublin to-day flanked by senior Irish naval officers and unambiguously in his view that the Republic should police its fishing grounds.

On his return from Brussels, Fisheries Minister, Patrick Donegan emphasised that his acceptance of a postponement did not amount to a climb-down, but the Irish Fishermen's Organisation has already issued an angry statement referring to "cheating and double-crossing". The IFO has announced it will be seeking urgent talks with Mr. Liam Cosgrave, the Prime Minister, to clarify the situation.

Yugoslavia ratifies border accord

BY ALEKSANDAR LEBL

BELGRADE, March 1.

THE YUGOSLAV Federal Parliament to-day ratified the treaty with Italy fixing the border zone on both sides of the border near Trieste which will enhance not only the bilateral trade and other forms of co-operation but pave the way for larger exports of goods manufactured there to third countries, including the EEC.

among other matters, provides for the establishment of a free zone on both sides of the border near Trieste which will enhance not only the bilateral trade and other forms of co-operation but pave the way for larger exports of goods manufactured there to third countries, including the EEC.

Bonn undecided over AWACS

BY NICHOLAS COLCHESTER

THE WEST GERMAN Defence Ministry is giving "careful consideration" to AWACS, the envisaged flying radar-system for Nato, but has still not decided whether to support the system, a spokesman said to-day.

Meanwhile, Nato sources confirmed that it was largely because of West Germany's doubts that a final decision on AWACS has now been delayed by another month, so that it will be taken at the end of March at the earliest.

The project threatens to become another source of friction between Bonn and the new U.S. Administration, although parliamentary sources suggest that if America really insists on AWACS, Bonn will have to acquiesce. Herr Georg Leber, the Defence Minister, is expected to discuss the matter in Washington in the next two weeks.

Bonn is, moreover, trying hard to reduce its budget deficits at the moment, and because there is no provision for AWACS in its financial planning, the system would probably have to be paid for by reducing defence spending in another area. Bonn also

Turks lower lira parity

BY METIN MUNIR

ANKARA, March 1.

THE CENTRAL Bank of Turkey to-day reduced the value of the Turkish lira against 12 convertible currencies. Simultaneously the Ministry of Finance issued new rules designed to make a major change in Turkey's foreign debt structure by encouraging medium and long term Euroloan deposits and discouraging the short term ones which are currently dominant.

The change in the parity of the lira was an average 6.5 per cent, the central bank told the Financial Times. The highest increase occurred in the value of the pound which went up by 13.6 per cent.

The U.S. dollar increased in value by 6 per cent, and the West German mark by 6.5 per cent. Economists said the move—which coincides with the beginning of the 1977 fiscal year—was not a devaluation but one of the periodic realignments of the lira projects.

Finland unions begin series of strikes

BY LANCE KEYWORTH

HELSINKI, March 1.

THE STRIKES which have been expected since the breakdown of collective bargaining in Finland at the end of January began this morning, with action by the leather and rubber workers' union — led by the hard-line faction of the Finnish Communist Party—which closes most of the country's footwear factories.

This first strike in itself has no national impact. But more serious action by small but key groups of workers is threatened during the course of the month, and by its end, according to official notices issued to date, some 300,000 workers will be out on strike.

The militant seamen's union is calling on all icebreaker crews on March 7. In the present severe winter conditions the withdrawal of icebreaker assistance will lame international shipping connections with Finland, though ice-freeinland vessels may be able to continue to reach southern ports. Power station workers are also demanding range from 30 to 40 per cent increases in wages during the course of the month, by (including fringe benefits).

Danish parties agree on economic deal

BY OUR OWN CORRESPONDENT

COPENHAGEN, March 1.

MR. ANKER Joergensen, the Danish Prime Minister has complemented his election success of two weeks ago with an inter-party agreement on employment-promotion measures, housing cost restraints and defence spending, and on raising 910m. crowns a year to finance some of it.

Announcing the deal with various permutations of the opposition Radical Centre-Democratic, Conservative, Liberal and Christian Peoples' Parties' to a special charge on the sales, to help finance the new election. Following to-day, Mr. Joergensen stressed his Social Democratic minority government's strong desire to reduce unemployment, currently running at 8.7 per cent. He also reminded the assembly of the Danish record workers are also demanding range from 30 to 40 per cent increases in wages during the course of the month, by (including fringe benefits).

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Earned per ordinary share	1.18p	0.92p
Proposed Annual Dividend	0.90p	0.75p

Danish parties agree on economic deal

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Mr. Joergensen announced new stamp duties on mortgages.

Handwritten signature or initials in a box.

Firestone files suit to recover missing political fund money

BY JAY PALMER NEW YORK, March 1. FIRESTONE Tire and Rubber Company has filed a suit in New York court to recover \$250,000 in political contributions from a former vice president, Mr. Robert Egglez, who is alleged to have stolen the money. The suit was filed by the company's new director, Mr. Beazley, who retired from Firestone last May. Mr. Beazley is the former vice president of the company and is alleged to have stolen the money. The suit was filed in New York court. The company is seeking to recover the money from Mr. Egglez, who is alleged to have stolen the money. The suit was filed by the company's new director, Mr. Beazley, who retired from Firestone last May. Mr. Beazley is the former vice president of the company and is alleged to have stolen the money. The suit was filed in New York court.

Uruguay angrily refuses all U.S. aid

By Robert Lindley BUENOS AIRES, Mar. 1. THE URUGUAYAN Government has reacted angrily to the announcement last week by Mr. Cyrus Vance, the U.S. Secretary of State, that U.S. credits to Uruguay would be reduced and has decided to refuse all U.S. aid. Mr. Vance told the Senate on Thursday that because of violations of human rights in Uruguay, Argentina and Ethiopia, U.S. credits to those countries would be cut. Yesterday, in a Foreign Ministry communiqué, the Argentine Government said that the Vance statement "implied" meddling in Argentina's internal affairs, but so far the military junta has not rejected all U.S. aid for 1977, nor cut from the previously proposed \$48.5m. to \$15m. in military aid. Uruguay, however, has cancelled whatever petition for economic aid made to the Government of the United States or to any of its agencies. The official communiqué, released in Montevideo this morning, says that the U.S. Ambassador to Uruguay, Mr. Ernest Siracus, was informed of this decision last night, and adds that the U.S. Government "uses the field of military and economic assistance to intervene in the internal affairs of Uruguay."

BRAZIL'S NUCLEAR DEAL WITH W. GERMANY Refusing to be blown off course

BY SJA BRANFORD IN SAO PAULO COMMON ECONOMIC and political pressures bring together the strongest bed-fellows. Mr. Chang-Tschun, China's Ambassador in Brazil, recently commented: "Brazil and China are suffering in much the same way. We are both developing countries. . . . We must struggle together against the nuclear monopoly." Whether or not the right-wing military establishment in Brasilia would welcome support from this quarter, it is clear that the Brazilian government feels considerable resentment at what it considers undue interference by the Carter Administration in its private nuclear agreement with West Germany. "The Brazilian government does not see any possibility of interrupting or suspending its nuclear agreement," Sr. Azeredo da Silveira, Brazil's Minister of Foreign Affairs, declared firmly in a recent interview. Under the German deal, signed in June 1975, Brazil will set up by 1990 eight nuclear power stations with a combined generating capacity of 10m. kilowatts, a reprocessing plant for spent nuclear fuel and a nuclear enrichment plant. German manufacturers will supply most of the equipment. The whole deal, if it is fully implemented, is estimated to be worth several billion dollars to them. The Carter Administration has objected to the enrichment and reprocessing plants in particular. It claims they will provide Brazil with plutonium, the raw material for the atomic bomb. Brazilian Government officials vehemently deny any intention to manufacture the bomb, claiming that the country is setting up nuclear power stations only as the next rational step in its colossal investment programme in this sector. According to the state company Eletrobrás, investments of over \$30bn. are planned by 1985. The huge Itaipu hydroelectric station which Brazil is constructing in association with Paraguay, and which will be larger than the Aswan dam in Egypt, is alone budgeted now at \$8bn. Work is slightly ahead of schedule and the dam, which will have an installed capacity of 12.6m. kW, should begin operations in 1982. In all, by 1990 Brazil should have a hydroelectric generating capacity of 63.6m. kW, of which 50.0m. kW (including Itaipu) will come from stations along the Parana river basin in the south-west of Brazil. Eletrobrás estimates that electric energy demand should reach at least 65.5m. kW by 1990. The missing 2.5m. kW will be provided by power stations, already under construction, driven by other sources: oil and nuclear. If all the hydroelectric stations come on stream as planned, Brazil will thus have no energy worries until 1990 at the earliest. How then can Brazil's nuclear energy programme be explained, except in military terms? Although opinions on this issue vary widely in Brazil, there is a general consensus that the Government has no immediate plans for building a bomb. Most scientists defend in principle the decision to develop nuclear energy coming from hydroelectric power stations. Despite recent austerity measures, the Government has guaranteed that it will be carrying on with its colossal investment programme in this sector. needed before 1980 because of possible delays in the construction of hydroelectric stations. And, secondly, they believe that Brazil should be developing her own nuclear technology in any case, as eventually this form of energy will become necessary. Time lost now, they assert, will be difficult to recoup later. The criticisms of the scientific community are levelled at the way in which the nuclear programme is being handled by the government. Brazil's first venture into the nuclear field occurred in 1968 when Westinghouse of the U.S. won the contract for a nuclear power station in Angra dos Reis, in Rio de Janeiro state. This station will come on stream at the beginning of 1978, with a productive capacity of 626,000 kW. Brazilian scientists were very unhappy with the "turnkey" nature of the deal, as it included no provisions for the training of Brazilian scientists in nuclear technology. Sr. José Goldenberg, a leading Brazilian nuclear physicist, said that the West German deal was at least an improvement in this respect. He and other Brazilian scientists (none of whom were consulted by the government before the deal) would really prefer to be developing their nuclear technology more slowly and thoroughly, with the initial construction of uranium enrichment plants, their own uranium enrichment plants, they argue, it will lose its dominant position, which has already been partially threatened by URENCO. In other words, it is too important a market to open up to others.

CIA linked to companies' illegal payments overseas

BY OUR OWN CORRESPONDENT NEW YORK, March 1. GOVERNMENT AND CONGRESS investigators have found strong indications that the Central Intelligence Agency has been directly or indirectly involved in the flow of cash from large U.S. companies to certain foreign political figures, the Wall Street Journal reported this morning. The paper noted that not all well-publicized payments by companies need have constituted commercial bribery. Some of them, it said, could have been to provide information for the U.S. intelligence agencies, or possibly to reward foreign officials for reporting the U.S. In its story, the Journal named three individuals with extensive newsworthy connections to the Middle East as being representatives and agents of Boeing. "In engaging such influential figures," it noted, "Boeing was pursuing its business interests at the same time, the company was funneling cash to political personalities whom the U.S. was eager to reward." Boeing refused to comment.

El Salvador state of siege

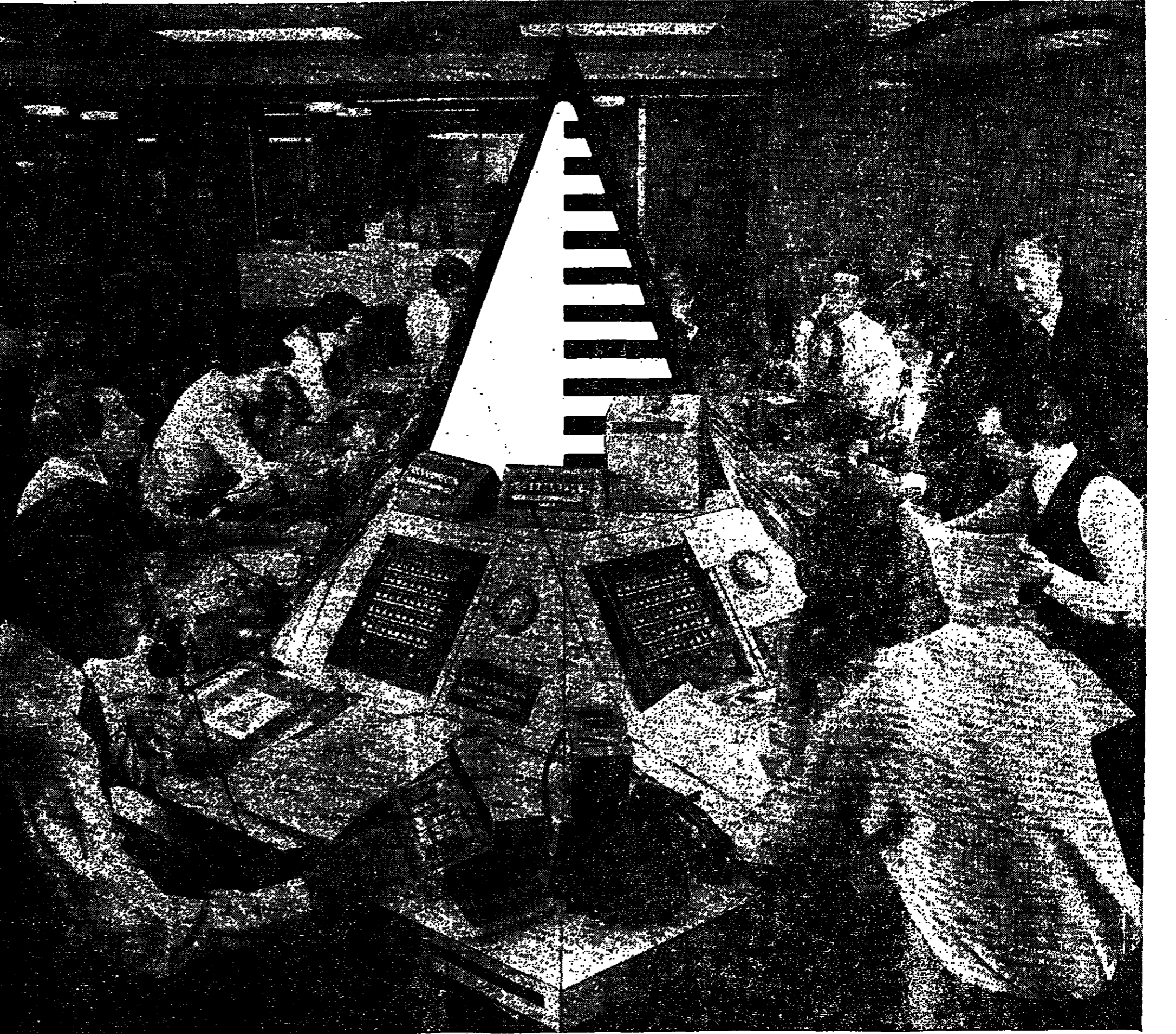
SAN SALVADOR, March 1. THE GOVERNMENT of El Salvador has declared a 30-day state of siege in a bid to restore order and tranquillity to the violence-racked country. Earlier troops and police fired to a crowd of anti-government demonstrators led by Col. Ernesto Charamount. The demonstrators charged the Government with fraud in the recent residential election in which Col. Charamount lost. The shooting killed six and wounded 52 others. Col. Charamount was freed into exile in Costa Rica. The Siege, announced by the legislative assembly, made it possible for Salvadoreans to leave or enter the country for 30 days. Civilian tribunals were UPI.

Bukovsky may see Carter

WASHINGTON, March 1. KILLED Soviet dissident Vladimir Bukovsky has told Congressional sources that he expects to see President Carter today to discuss the human rights situation in the Soviet Union. In June 1975, President Ford refused to meet with Alexander Solzhenitsyn, the dissident Soviet Nobel Prize winner, for fear that a White House meeting would send a "deliberate hostile signal" to Moscow on the state and worsen U.S.-Soviet relations. Mr. Ford, who came under fire for the snub, subsequently acknowledged that his refusal to meet with Mr. Solzhenitsyn was probably a mistake. During his current U.S. visit, Mr. Bukovsky has been calling for the West to adopt a "firm, constant, and relentless stand" in support of human rights in the Soviet Union in accordance with the 1975 Helsinki East-West accords. He has accused Soviet leaders of being reluctant and unwilling to abide by the human rights provisions of the Helsinki accords or the broad principles of the 1948 UN Declaration of Human Rights. President Carter has said in an interview that his world human rights campaign has had "unprecedented results" and that a number of foreign governments have communicated with him about the matter. Some of those governments have been "quite guilty" of human rights violations in the past, but might be shifting their policies, Mr. Carter indicated. But he did not elaborate on the names of the countries, according to Washington Star columnist Jack Germond and Jules Witcover. UPI.

Caribbean imports worry

BRIDGETOWN, March 1. THE CARIBBEAN Association of States of the Caribbean Community (Caricom). The Board of Industry and Commerce has expressed concern at a Board meeting here over the "almost complete restrictions" which have been placed by the governments of Guyana and Jamaica on imports and have called on the governments to remove them. The Association said that, if restrictions continued, they could have a "serious and deleterious effect" on the trade relationships within Caricom.



The London Money Centre is built round the Pyramid.

The Pyramid is the symbol of one of the world's most influential market makers, Bankers Trust. Equally, it's your guarantee of a rapid, efficient and continuing service provided through the Bankers Trust London Money Centre. America, Europe and Asia, we are in business around the clock, around the world. Which is why we can provide corporate customers with the fast, accurate, decision-making information they need on trends and opportunities. All this is done directly through our Foreign Exchange Customer Advisory Group, working within the London Money Centre as an integral part of its function. The London Money Centre Eurodollar desk provides a substantial dealing operation for Eurocurrencies, extending out to five years. Equally, the sterling desk provides a highly efficient and competitive sterling deposit function. Finally, as a primary dealer-bank for U.S. Government securities, we make the finest net prices in London and are well placed to obtain new issues. Which complements our activities as one of the most active dealers in the secondary market. At the London Money Centre or wherever you encounter the Bankers Trust Pyramid, you're dealing with a full service bank in the fullest sense of the word, with the capacity to raise, lend and manage money anywhere in the world. **Bankers Trust Company** London Money Centre, 9 Queen Victoria Street, EC4P 4DB. Telephone: 01-236 5030. Telex: 886191/2.

WORLD TRADE NEWS

Shell and BP accused over Rhodesia

BY MARTIN DICKSON

THE ANTI-APARTHEID Movement (AAM) has accused Shell and British Petroleum being directly involved in sanctions against Rhodesia being broken by the selling of oil to a South African intermediary which apparently then exports it to Rhodesia.

There are to be raised in the House of Commons to-day by Mr. Ivor Clementson, the Labour MP for Luton East, and Mr. Robert Hughes, the Chairman of AAM and Labour MP for Aberdeen North, who have put down questions to be answered by Dr. David Owen, the Foreign Secretary.

The AAM study draws heavily on a report published in the U.S. which alleged that Mobil Oil's South African subsidiary had set up a complicated system to disguise sales of petrol to Rhodesia through a series of intermediaries, including a South African company called Freight Services.

South African subsidiaries sold petroleum to Freight Services, but neither appeared to have investigated allegations that this company had been supplying oil to Rhodesia, which has been totally dependent on South Africa for its petroleum needs since the imposition of sanctions by Mozambique last year.

Rhodesia land Bill introduced

SALISBURY, Mar. 1

THE RHODESIAN government to-day presented to Parliament a Bill that it said would mean that the amount of land reserved for whites would decline from 48m. acres to 30,000.

Progressives may advance in S. Africa local polls

BY QUENTIN PEEL

WHITE VOTERS will go to the polls here to-morrow in local elections which are expected to reveal a dramatic polarisation of white opinion in South Africa, and sound the death knell for the country's official opposition, the United Party (UP).

JOHANNESBURG, Mar. 1

Power in 1948. Almost as soon as the voting is over, the party is to be dissolved by its leader, Sir de Villiers Graaff, 22—two short of an overall majority. The campaign so far has been marked by bitter rivalry between the two largely English-speaking opposition parties, from which the ruling Nationalists have kept cheerfully aloof.

The Bill is part of Mr. Smith's effort to create a climate conducive to an internal majority rule settlement as opposed to a settlement including the Patriotic Front led by Mr. Joshua Mqungu and Mr. Robert Nkomo.

The municipal elections in Johannesburg city are being treated by the political rivals as virtually a national campaign, with political speakers being flown in from parliament in Cape Town almost daily.

But the results to-morrow will also be a reaction to last year's unrest in neighbouring Soweto. The residents of the black township have no vote.

Amin climbs down over the movement of Americans

BY K. K. SHARMA

THE GOVERNMENT has been strongly criticised by white opposition groups and local black nationalist organisations for stopping short of opening all residential areas to blacks. But several members of the Rhodesian Front Party have attacked Mr. Smith in equally strong terms, saying it is legislating away its ability to bargain in majority rule settlement negotiations.

Mrs. Gandhi booted at Delhi rally

BY K. K. SHARMA

MRS. INDIRA Gandhi, the Prime Minister of India, made a disastrous start to her election campaign in New Delhi to-day when she was repeatedly booed and heckled during a 30-minute speech to an audience mainly consisting of Government employees.

NEW DELHI, March 1

seven years of retirement to "lead my voice to save democracy," a fortnight ago. Since then, Mrs. Pandit, who is the late Jawaharlal Nehru's widow, has been drawing large crowds all over the country.

Protest over Pakistan arrests

BY IQBAL MIRZA

ALL THE Pakistan National Alliance candidates for the March 2 provincial assembly elections plan to provoke their arrest if the Government does not stop arresting their party workers within the next 48 hours.

Beirut plans approved

BY IHSAN HIJAZI

THE LEBANESE CABINET has approved initial plans for the reconstruction of the devastated business centre of Beirut. At a Cabinet meeting last night, chaired by President Elias Sarkis, Mr. Amin Bizer, the country's Public Works Minister, was asked to finalise the plans in preparation for implementing them.

Sri Lanka Minister resigns

BY MEIRVYN DE SILVA

MR. T. B. SUBASINGHE, the Industries Minister in Mrs. Bandaranaike's Cabinet, since 1970, resigned to-day. A senior member of the ruling Freedom Party, he has served as speaker of the National Assembly in Moscow.

Beirut plans approved

BEIRUT, March 1

A number of businessmen whose premises were destroyed during the civil war have moved to new areas. But most have indicated willingness to go back to the centre of the city if their shops are rebuilt.

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ON OTHER PAGES International Company News: S. Africa public sector Montedison shares fall 21/22 Farming and Raw Materials: Indian tea output up 25

WORLD TRADE NEWS

Anglo Iranian chamber

By Robert Graham

AN ANGLO-IRANIAN Chamber of Commerce is shortly to be established in Tehran to strengthen commercial ties between the two countries. With British exports to Iran alone worth \$500m. a year, and an ever-expanding range of contacts throughout the economy, businessmen have been pressing for such an institution as an essential complement to the British commercial presence here.

Strong growth in U.K. exports to W. Germany

BY GUY HAWTHIN

BRITISH EXPORTS to West Germany rose far faster than the Federal Republic's sales in the U.K. last year. Despite this, however, there was a substantial widening of the trade gap in West Germany's favour.

The Federal Republic, because of its economic strength and purchasing power, is Britain's most important market in the European Community. The British exporters attacked the market vigorously.

One disappointment was that Britain's exports to West Germany were not as high as they were in 1975. The U.K. share of the market in this, the most important sector, remained below the 5.3 per cent. No direct DoT statistics are available.

Japan lifts car exports

TOKYO, March 1

JAPANESE VEHICLE exports to the EEC rose 23 per cent in January over the same time last year, while exports to the U.S. rose 11 per cent.

Hungary cuts trade deficit

BY PAUL LENDVAI

HUNGARY has achieved a 6 per cent improvement in its terms of trade with the West and a 35 per cent cut in its overall visible trade deficit.

China order

BY GUY HAWTHIN

THE aviation division of Smiths Industries has recently received an order worth \$264,000 from the Chinese Export Republic.

U.S. steel imports

BY GUY HAWTHIN

STEEL imports to the U.S. rose 18.9 per cent to 14.28m. short tons in 1976 from 12.01m. tons in 1975.

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£9m. loan for BAC deal

BY GUY HAWTHIN

THE Export Credits Guarantee Department has guaranteed a \$24m. contract awarded by Cyprus Airways to British Aircraft Corporation for two new BAC 1-11 "300" Series aircraft.

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DAVID BELL in Washington discusses the problems facing the new U.S. Special Trade Representative

Trying to satisfy everyone

THE NEWS that Mr. Robert Strauss, former chairman of the Democratic Party, is likely to be chosen as the new U.S. Special Trade Representative, should dispel some of the confusion that currently surrounds American trade policy.

Under the terms of the law this question the looming threat of Japanese television sets to make the U.S. seem relatively uncompetitive.

That is one of the reasons why the job Mr. Strauss faces will be so difficult and will require maximum use of the political skills that he used so ably in rebuilding the Democratic organization in the two years before the last election.

Mr. Strauss, assuming that he is chosen, is likely to be approved by the Congress, will have very little time to read himself into his new job. There is no shortage of issues waiting to be tackled and the rest of the industrialised world is urgently awaiting a clearer idea of the position of the new Administration.

Vertical text on the right edge of the page, including "Hartlepool" and "Hartlepool" repeated vertically.

HOME NEWS

JP K... ID

Bakers dispute move to stem price rise

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

BAKERS ARE again in dispute over prices. The three major baking companies have been told that it is unlikely that they will be allowed to increase prices by as much as they want next week. The bakers had hoped to increase the price of both large and small loaves by 1p each on Monday, but now they may be allowed an increase of more than 1p on large and 1p on small loaves.

Tax plan could boost investment incentive

BY MICHAEL LAFFERTY, CITY STAFF

PROPOSALS FOR a standard method of treating deferred tax in company accounts are expected to be published soon by the accountancy bodies. The new approach, which has already been proposed in the Morpeth inflation accounting proposals, will mean that the impact of investment will be reflected much more obviously in companies' after-tax profits.

Smith Bros. loses appeal on kaffirs

By Margaret Reid

THE STOCK Exchange council yesterday rejected a request by Smith Bros. one of the largest stockjobbing firms, to be allowed to deal direct with U.S. brokers and other market makers outside the Exchange in South African gold and certain other overseas shares.

Exhibition centre raises fees 38%

BY IAN HARGREAVES, INDUSTRIAL STAFF

CHARGES FOR space at the National Exhibition Centre, Birmingham, are to be increased by 38 per cent. from April next year—the second increase of this size within two years. Alarm at the scale of these increases has led recently to a series of meetings between the directors of the centre and exhibition organisers at which the future financial stability of the centre has been questioned.

Windscale first stage wins approval

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITISH NUCLEAR FUELS received planning approval yesterday for the proposed £245m investment at its Windscale factory in Cumbria to refurbish facilities for the reprocessing of spent (natural uranium) fuel from reactors in Britain, Japan and Italy.

Footwear £10m. aid planned

A REPORT recommending £10m. of State aid for Britain's struggling footwear industry should be presented to Mr. Eric Varley, the Industry Secretary, this week.

Blast furnace cuts to hit Hartlepool

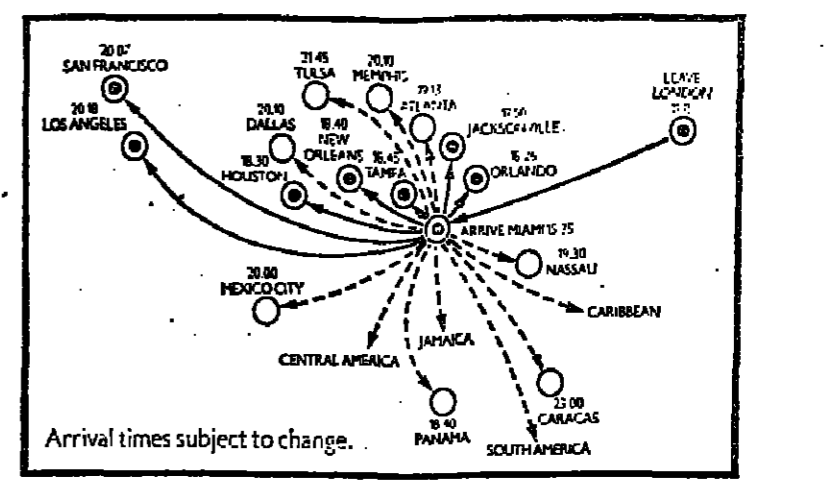
BY OUR DARLINGTON CORRESPONDENT

THE BRITISH STEEL Corporation is to reduce blast furnace production at four North-East works because of a continuing recession in demand for steel. The hardest-hit will be the Hartlepool Works on Teesside, which was recently re-opened after a year's closure. The blast furnace is to be damped down from 3,500 tons a week from 3,000 tons a week from tomorrow.

If you don't need to go via cold, crowded New York, come home with us via Miami.



Miami is waiting to welcome you on your National Airlines flight. It's the sun-kissed gateway to the USA. National flies there direct from London and onward to Houston, New Orleans and to other major cities in the South and South West. We have good connections to the Caribbean, South and Central America, too.



NCR executive retires

FINANCIAL TIMES REPORTER

SEVERAL WEEKS of speculation about the future of one of CR's top executives in Britain came to an end yesterday. A statement by the company said Mr. T. I. Dunn said Mr. Dunn, 54, had retired as managing director of NCR's operations in Dundee with effect from January 28.

Weather cuts betting revenue

SEVERE WEATHER in January caused a turnover slump in most forms of betting, according to provisional figures published yesterday by Customs and Excise.

New air chief

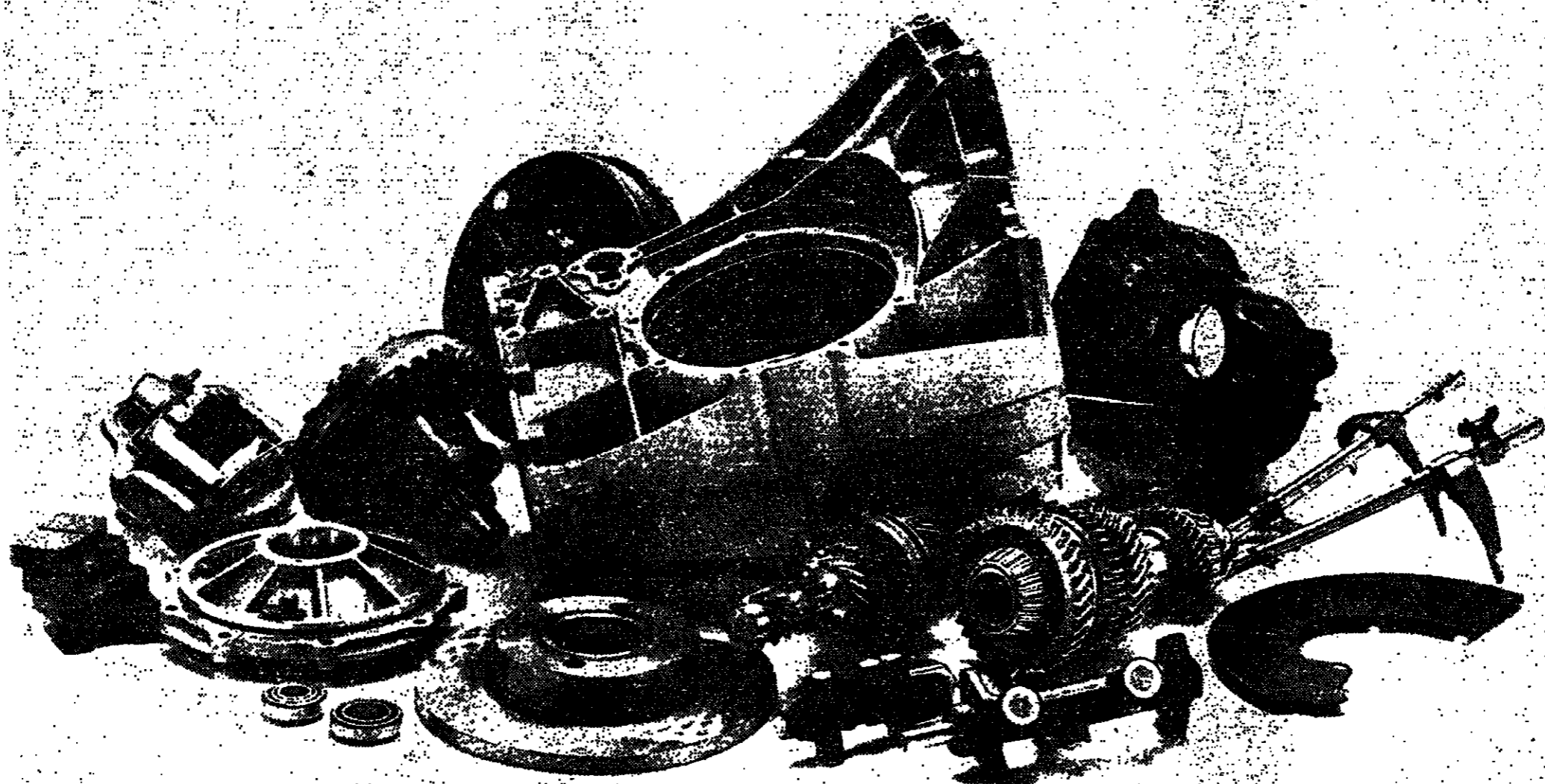
Air Marshal Sir Michael James Beetham is to be the next Chief of the Air Staff, succeeding Air Chief Marshal Sir Neil Cameron, who is to be Chief of the Defence Staff. Sir Michael takes up his new post on August 1.

Industrial estate

English Industrial Estates is planning a 25-acre industrial estate for part of the reclaimed Jarrow Slake, a former mud-flat area on the south bank of the River Tyne. The company plans to spend £3m. developing the area over a period of several years.

SNOW REPORTS

Table with columns for location, snow depth, and weather conditions. Locations include Zermatt, Scotland, and various regions in the UK.



**After 9 years,
this is all
that's left of
the old
Audi 100.**

مکذا من اهل

Specialised

New cars are very often not as new as their advertising suggests.

For underneath that gleaming bodywork there may lurk an engine which is 10 or 15 years old, a suspension system which is 5 years old and a safety system which won't meet the higher standards of the future.

The new Audi 100 is a happy exception.

It contains only a handful of parts from its predecessor. Not because we want change just for the sake of change. But because of all that has been learnt about car design in the nine years since we first introduced the original Audi 100.

A mere facelift would have left out many of these improvements.

So we went right back to the drawing board to build a completely new car.

And, frankly, a much better one.

SHAPED TO SAVE YOU PETROL.

First, we'd like to draw your attention to an innovation you might easily overlook: our car's shape.

With the help of the largest wind-tunnel in Europe, we discovered a new way to improve the airflow at the rear of the car. And thus proved that appearances can be deceptive.

For, it might surprise you to learn, the new Audi 100 has a drag coefficient as low as that of the Citroen CX2000 or the Rover 3500, without sacrificing passenger or luggage space.

And by lowering the drag coefficient, we also lower your fuel bill. (For over 20% of a car's fuel consumption is caused by wind resistance.)

A NEW ENGINE FOR NEW TIMES.

The engines of many luxury cars were designed at a time when petrol cost as little as two shillings a gallon.

And in those days, it didn't matter that a car could do no more than 15 to 20 miles to the gallon.

Today, in the era of the £1 gallon, it matters very much.

So to achieve extra performance and smoothness for the new Audi 100, we didn't use the old fashioned method of adding lots of extra cylinders.

Instead, we designed a completely new 2 litre engine, with a high swirl combustion system.

The results speak for themselves. For, despite the car's large size, it returns 29.4 mpg (DIN).

And with a power to weight ratio better than a Jaguar XJ 3.4, it accelerates from 0-60 in just 10.7 seconds.

SAFETY SHOULD BE BUILT IN, NOT ADDED ON.

An old engine may hurt your pocket but an old safety system can hurt a great deal more.

And here, facelifted cars are at a serious disadvantage. Because applying the latest safety techniques requires a lot more than adding a strip of foam to the dashboard.

It requires a return to the drawing board.

In our case we applied the thinking of Professor Timoshenko of Stamford University.

His discoveries in the structural deformation of metal showed how it could be made more "elastic" and absorb far more energy.

And basing our work on his, we've developed a "telescopic" safety girder that's fitted to each side of the Audi 100.

With the help of these girders, three-quarters of the impact energy in a typical head-on crash is safely absorbed by the front twelve inches of the car's structure.

This means that far less impact energy is passed back into the passenger compartment.

With the result that your chance of serious injury is 50% lower than in cars that just conform to present day safety standards.

WHEN YOU CHANGE EVERYTHING, YOU CAN IMPROVE EVERYTHING.

The benefits of changing our car are more obvious when you start driving it.

For example, our engineers discovered that it's possible to tune all the car's metal parts, so they can vibrate at frequencies that are less audible.

They developed a special heating system that creates different layers of temperature inside the car. It lets you change the air every 15 seconds, even when the car is stationary.

Not all the ideas, however, came from the world of car design.

From non-stick pans, we borrowed the idea of using Teflon in the steering system. So steering effort is reduced by 30%.

From Professor Paolo Nestler, we learnt how a cockpit-like driving environment encourages a feeling of aggression in drivers.

So we asked him to design an interior for the new Audi 100 which would reduce the stress of driving.

THE PART WE HAVEN'T CHANGED.

In one respect, however, our car is completely unchanged. And that's in the way we built it.

Our 1,560 quality inspectors are still as pernickety as ever. So that even the parts of the bodywork you can't see are painted as well as the parts you can.

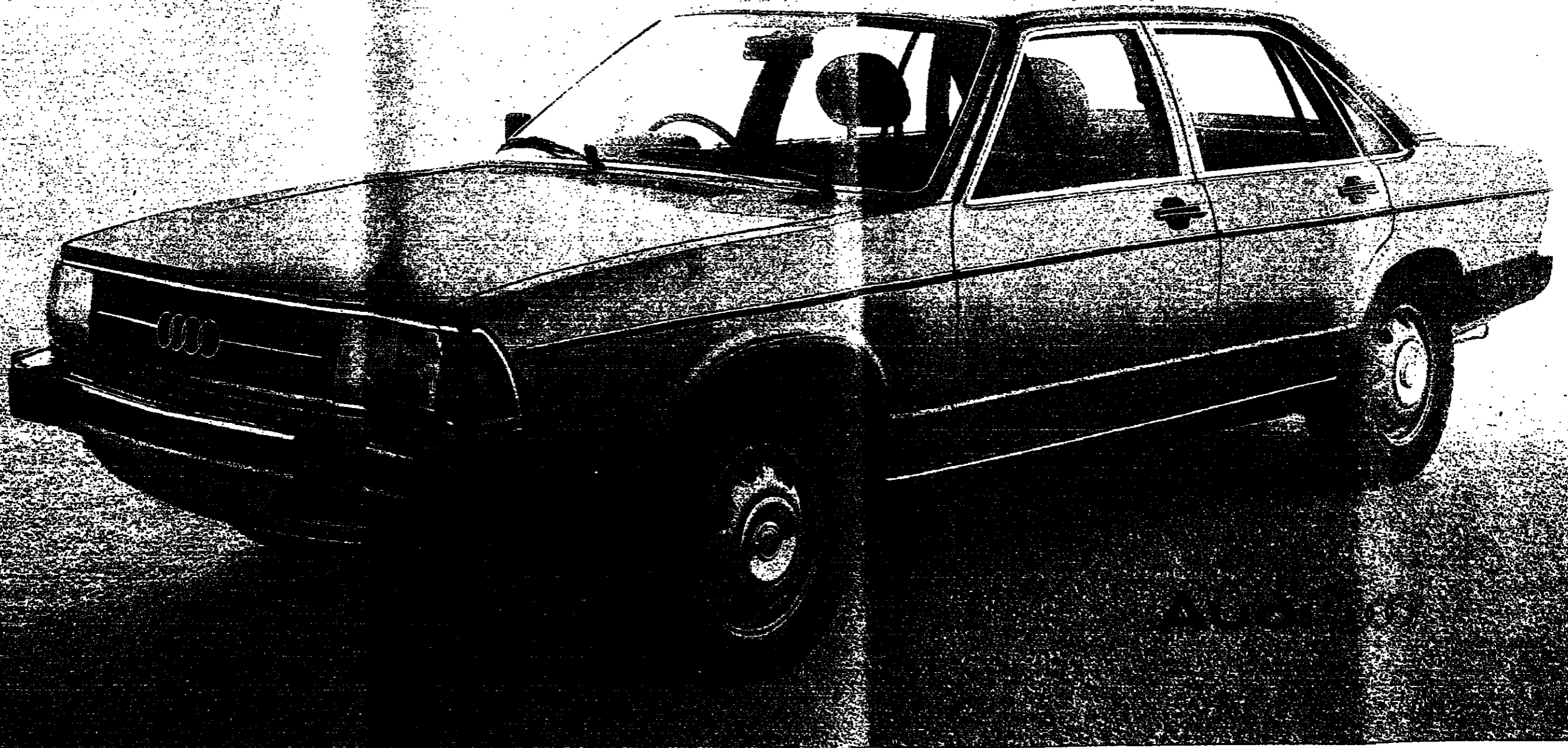
But wouldn't you like to inspect all this for yourself?

Pop into your nearest Audi dealer, and take this thought with you:

That now we've changed our car, it's probably time you changed yours.

The new Audi 100.

THE NEW AUDI 80 RANGE STARTS AT £3,288. THE NEW AUDI 100 RANGE STARTS AT £4,480. PRICES INCLUDE VAT AND CAR TAX AND ARE CORRECT AT TIME OF GOING TO PRESS. SEAT BELTS, NUMBER PLATES AND DELIVERY EXTRA. ALL FIGURES QUOTED ARE OUR FACTORY FIGURES. FOR MORE INFORMATION ON THE AUDI 80 OR 100 WRITE TO: AUDI MARKETING DEPARTMENT, VOLKSWAGEN HOUSE, BRIGHTON ROAD, PURLEY, SURREY. EXPORT ENQUIRES TO: AUDI EXPORT CENTRE, 95 BAKER STREET, LONDON W1.



HOME NEWS

Beswick backs fight for Nimrod order

BY MICHAEL DONNE IN MANCHESTER

HAWKER SIDDELEY Aviation and Marconi-Elliott Avionics are stepping up their campaign to get the U.K. Government to buy the Nimrod aircraft for "flying radar station" duties, instead of the U.S. Boeing E-3A jet, already on offer to NATO.

In this they have the full support of the trade unions and of Lord Beswick, the chairman of the British Aerospace Organising Committee, set up to prepare the way for the nationalisation of the aircraft industry.

Lord Beswick said at Hawker Siddeley's factory at Woodford, Manchester, yesterday that the Nimrod offered a design development and production capability that the U.K. could ill-afford to lose.

The two aircraft are competing for contracts to provide what is called Airborne Early Warning, the concept of putting advanced radars on high-flying jets so that they can look down on and detect enemy aircraft trying to slip underneath existing ground-based defensive radar systems.

The U.S. has offered NATO 37 of the Boeing jets (called Airborne Warning and Control Systems, AWACS) to cover the

whole of Europe at a cost of £1.3bn. (about \$2.2bn.). The U.K. companies are offering a smaller number of Nimrods both to fill the Airborne Early Warning role now carried out by the RAF with its ageing Shackleton aircraft, and perhaps also to cover a limited area of Western Europe.

Hitherto the fight between these two jets has been carried on behind the scenes. Now, however, the British companies have issued public statements, bringing the matter out into the open.

They said that by buying the Nimrod, the U.K. Government could provide over 7,000 jobs for the aerospace industry, against only 450 by going along with NATO and buying the Boeing jet, thereby ensuring that a substantial aviation technological base could be kept in the U.K. instead of being lost to the U.S.

Cost-saving claim

The two companies also claim that the cost of buying the Nimrod would be considerably less than the amount the U.K. would have to spend on its share of buying the American system for NATO. Although the precise

figures for the Nimrod have not been revealed, it is understood that up to 11 Nimrods could be provided for about the same cost as the U.K.'s £450m. share of the U.S. deal with NATO.

Already, about £22m. has been spent on the Nimrod—£2m. on the airframe and £16m. on the radar—but it is pointed out that enough Nimrod aircraft are already available for the U.K. programme by taking aircraft from the fleet in RAF service for the anti-submarine role.

Nimrod, it is claimed, can also be available for operational service in the same time-scale as the Boeing jet—with production of the aircraft coming off the line in the early 1980s.

To help prove this point, Hawker Siddeley Aviation and Marconi Elliott yesterday rolled out a Comet test aircraft, fully equipped with the radar that will eventually go into the Nimrod. The test aircraft will fly for the first time this summer, and it is expected to confirm the claims already made by the companies that the U.K. has the ability to produce an aircraft and radar combination that will be able to do all that the Boeing jet can do.

Building societies 'may widen interest rate gap'

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE NEXT CHANGE in building society interest rates might involve a greater reduction in investors' rates than in the mortgage rate, Mr. Norman Griggs, secretary-general of the Building Societies Association, hints in the March edition of its Gazette.

Mr. Griggs points out that in the memorandum of agreement reached with the Government in 1973, the societies pledged to change investors' rates as regularly as was necessary to maintain an adequate flow of mortgage funds and alter the mortgage rate as infrequently as possible.

Mr. Griggs admits that an unequal adjustment in the two rates is easier to suggest than achieve, particularly when the mortgage rate stands at a record high of 12½ per cent. Borrowers would expect any decrease in the rate paid to investors to be matched by a decrease in the rate charged to them.

Stabilised

Mr. Griggs nevertheless proposes that next time there is a general change in rates, a start could be made to increase the cushion on building society reserves which have been steadily falling over recent months.

Mr. Griggs claims that the societies have successfully stabilised lending levels in spite of severe fluctuations in the in-shire's general manager and flow of funds by the astute use

of liquidity. However, there was a limit to the extent to which liquidity levels could be run down in the end and the interest rate "weapon" had to be considered.

One obstacle in the way of a more flexible rates system was the cumbersome process of changing the mortgage rate. Long notice was still required under many mortgage deeds and this involved revenue losses.

Automatic

In the future, there could be more frequent changes in the mortgage rate through Press notices, with a "settlement" account as dispatched.

A commercial bank for example, changed overdraft rates automatically without putting the borrower into the picture, although long-term mortgage loans were a rather different contract.

An official inquiry into allegations that two senior officers of the Derbyshire Building Society were involved in "guzzling" a customer, was launched yesterday.

An inspector of the Chief Registrar of Friendly Societies has been called in to probe complaints by a customer that a property on which he tried to obtain a mortgage was eventually bought by Bristoworth, a stabilised private company, whose directors were the wives of the Derbyshire's general manager and chief surveyor.

Greater protection sought for oil rigs

By Ray Dafter Energy Correspondent

THE OFFSHORE oil industry is pressing the Government to give greater protection from possible damage to its production equipment and pipelines from maritime accidents.

The companies fear that a serious accident could interrupt Britain's energy supplies, cause harmful pollution or even injure offshore oil workers.

The Department of Energy and other Government departments are considering a request from the U.K. Offshore Operators' Association that safety zones around offshore installations should be enlarged.

The association has also called for more powerful enforcement of safety regulations with, perhaps, the formation of a new force of maritime "traffic wardens."

It has suggested, for example, that the fisheries and offshore oil protection vessels should be supplemented by the fleet of safety patrol boats which would constantly be circling offshore platforms and rigs. These boats, it is argued, could be provided with an official flag to give them more authority in warning off other vessels which infringe safety zones.

Worried

The main concern, however, is that the safety zones as laid down are inadequate. At present shipping is prohibited from sailing within 500 metres of fixed structures such as platforms and offshore loading installations.

These regulations, however, do not apply to mobile rigs, underwater production systems (subsea well heads) and pipelines. And they do not cover the area of sea between platforms and mooring systems.

Companies are worried that anchors and fishing trawl gear could damage the underwater equipment or the rig anchor chains which can fan out over 500 metres.

£67m. in royalties from North Sea

BY RAY DAFTER, ENERGY CORRESPONDENT

ROYALTIES FROM the production of U.K. oil and gas yielded £66.6m. last year, according to latest Government statistics. Mr. Anthony Wedgwood Benn, Energy Secretary, told the Commons yesterday that royalties raised about £22.4m. for gas and about £44.2m. for oil.

These were provisional payments which could be adjusted later, he added. Oil licencees are making payments on an interim basis until the method of calculating transport and treatment costs for individual fields have been determined. All licencees' returns are scrutinised by the Government before final agreement is reached on claim allowances companies can claim.

Between July and December, oil payments totalled £42.3m.—the first major sums received even though oil has been produced from the Argyll Field since July, 1975, and from the Forties Field since November, 1975.

The reason for the delay stems partly from the system for deducting transport and treatment costs from total revenue before the royalty at 12.5 per cent is charged. Montrose, and Beryl fields, began producing last year, but not become liable for royalties until this year. It is thought that the Shell/Esso Brent field, which came on stream in November, will not be liable for royalties until 1978. The reason for the delay stems partly from the system for deducting transport and treatment costs from total revenue before the royalty at 12.5 per cent is charged.

NORTH SEA OIL AND GAS ROYALTY PAYMENTS

	Jan.	June	July	Dec.
Gas	£m.	£m.	£m.	£m.
Oil	12.7	9.4	19	42.3
Total	14.6	22.0	28.9	66.6

Source: Department of Energy

Telegram messages drop

THERE HAS been a dramatic drop in the number of telegrams handed by the Post Office, according to the corporation. About 3.5m. telegrams were handed last year, of which 1.2m. were greetings messages.

The total contrasts sharply with the 4.2m. inland telegrams handled in the year to March 31, 1976, which was itself a drop of nearly 47 per cent on the previous year's total of 6.2m.

Drivers' guide to London

OVER 100,000 streets in London and its suburbs, permanent car parking and details of essential services — hospitals, police stations, Government offices — are given in a new London atlas for motorists produced by the Automobile Association in collaboration with Geographia.

The AA Greater London colour map on a scale of 3.17 inches to a mile, with Central bookshops and all AA agents.

Heuga carpet tile range doubled to boost sales

BY RHYS DAVID, TEXTILES CORRESPONDENT

HEUGA, the carpet tile maker, plans to increase its British sales by extending its tile range and introducing broadloom carpets. The company, which holds 60-70 per cent of the carpet tile market in the U.K. will double its range of tiles to 18.

It hopes to have new printed tiles later. These will be produced on a computer-controlled Millitron dye injection printing machine being installed in Holland.

The move into broadloom sales in the U.K. is planned for next year. It will bring Heuga, a Dutch-controlled company, into competition with the leading U.K. carpet groups and follows the acquisition of a broadloom manufacturer on the Continent, its some time ago.

Despite the relative stagnation of U.K. carpet sales volume, Heuga claims to have increased its sales five-fold in the past five years. Its main production facilities are in the Netherlands, but 25m. worth of carpet tiles are being manufactured under licence in the U.K. for sales in Britain and in export markets.

The company intends to manufacture a site at Milton Keynes for which planning permission has been obtained. But Mr. High Court writs against the Robyn Grant, managing director of Heuga U.K., said the group's Burrow Mump after the war.

London Radio revenue doubles

By Michael Thompson-Noel

LONDON BROADCASTING Company, the commercial radio station, confirmed yesterday that its net advertising revenue in January had risen to £100,000, double that of January last year.

This made the station the second most successful of the U.K.'s 19 independent local radio stations in advertising income, behind Capital Radio, also London-based.

Capital's net advertising income in January was just under £400,000.

"Forward bookings are running at twice the rate of this time last year," said Mr. Patrick Gallagher, LBC's managing director. "We believe that we've turned the corner, and are investing in success by introducing a series of new programmes."

Maggie collects £137,600

THAMES TELEVISION'S Maggie programme for children has broken its appeal records with £137,600 sent by viewers in response to its 1976 Christmas appeal. The money will be used to set up a home for mentally handicapped children.

Junior hospital doctors fear student surplus

MEDICAL unemployment is "unbearable" unless the numbers entering medical school are cut by 1,000 to 2,000 a year, according to junior hospital doctors.

They are worried about the prospect of "doctors on the dole" and believe the British Medical Association's evidence to the Royal Commission on the National Health Service—which asks for an interim report on medical manpower—is not nearly strong enough.

They will ask a special representative meeting of the BMA, arranged to finalise the association's evidence, to include the junior doctors' own report on doctors' prospects.

This warns that the present increase in medical students will produce a surplus of doctors—an increase of 80 per cent over present numbers by 2,010, even assuming the number of qualified doctors produced stays constant after 1981.

The juniors say there is no great increase in health spending likely in the foreseeable future so there will be too many

Junior hospital doctors fear student surplus

doctors chasing too few jobs. Cutting the medical school intake to 2,600 would keep numbers in balance and save £132m. in the next five years in training costs and salaries alone.

The current BMA evidence to the Royal Commission, while saying that accurate prediction of medical manpower is vital to the future of the NHS, and that getting the sums wrong would be "disastrous," says there are "so many variables" any number of different conclusions can be drawn.

The BMA says a major review of manpower should be undertaken with annual reviews by an independent body.

Kaufman on shipbuilding

MR. GERALD KAUFMAN, Minister of State for Industry, will speak at a conference on shipbuilding organised by the Scottish Shipbuilders' Union Congress at the Trade Union Centre, Glasgow, on Sunday.

NATIONAL INSURANCE CONTRIBUTION CHANGES FROM 6 APRIL 1977.

The main changes are summarised here but leaflet NI.208/April 77, obtainable now from Post Offices and Social Security offices, gives full details.

CLASS 1 CONTRIBUTIONS FOR EMPLOYERS & EMPLOYEES

The upper earnings limit up to which contributions are payable will be raised to £105 a week.

The lower earnings limit below which no Class 1 contributions are payable by employer or employee is being raised to £15 a week.

The employer's contribution rate will remain at 8%, but a 2% surcharge will be added for taxation purposes, making the total employer's rate 10%.

The contribution rates for employees will remain unchanged.

New contribution tables (forms CF 391) have been issued direct to employers and further copies can be obtained from Social Security offices.

CLASS 2 & CLASS 4 CONTRIBUTIONS FOR THE SELF-EMPLOYED

Class 2 (flat-rate) contributions for men will be increased to £2.66 a week and those for women to £2.55 a week from the week beginning 10 April.

If you expect to earn less than £875 from self-employment in the 1977/78 tax year, you can apply for exception from liability to pay Class 2 contributions. This is £100 more than the limit for 1976/77.

Class 4 contributions will continue to be at the rate of 8%; however, the lower and upper limits for assessment of profits or gains on which contributions are payable will be raised to £1,750 and £5,500 respectively.

VOLUNTARY CLASS 3 CONTRIBUTIONS

The flat-rate contribution will be increased to £2.45 a week.



FINAL DIVIDEND

The directors propose to recommend to the stockholders that at the annual general meeting to be held on 11th May 1977 a final dividend be declared of 8.896p per 25p unit of stock to be paid on 20th May 1977. This increase is the maximum permitted. With the addition of stockholders' tax credit this is equivalent to a "gross" dividend of 13.686p. The dividend will be payable to stockholders registered at the close of business on 18th April 1977. This together with the interim dividend of 5.330p (8.969p "gross") already paid will make a total distribution of 14.726p (22.655p "gross") per unit for the year 1976 compared with 13.387p (20.295p "gross") for 1975.

ESTIMATED RESULTS

The audited accounts are due to be published on 19th April 1977. Preliminary unaudited figures for the year 1976, with the comparable figures for the year 1975, are as follows—

	Year 1976	Year 1975
General Insurance	£m.	£m.
Premiums Written	1,091.9	786.9
Underwriting Result	-17.7	-32.4
Long term insurance profits	1.7	1.7
Investment Income	92.4	62.5
Share of Associated Companies' profit	2.0	0.9
Total profit before taxation	78.4	32.7
Taxation	27.6	11.4
Minority interests	0.4	0.2
Profit after taxation	50.4	21.1
(pence per unit)	(33.6p)	(13.9p)
Dividends for the year	22.0	18.5
(pence per unit)	(14.726p)	(13.387p)
Transfer to retained profits	28.3	2.6

The geographic distribution of the general insurance business and of the underwriting result and investment income is as follows—

	Year 1976		Year 1975	
	Premiums	Profit	Premiums	Profit
U.S.A.	£m.	£m.	£m.	£m.
U.K. and Irish Republic	410.5	-18.1	37.0	-24.2
Canada	219.8	-0.1	27.0	3.6
Australia	225.0	-2.2	13.9	-5.0
Europe (ex U.K. and Irish Republic)	72.1	2.4	6.9	-4.3
Other Overseas	80.9	-4.7	5.2	-2.4
	85.5	5.0	2.4	6.2
	1,091.9	-17.7	92.4	786.9

Operating ratios for the U.S.A. on the U.K. basis are—

	1976	1975
Claims as % of earned premiums	75.4	79.3
Expenses as % of written premiums	28.0	28.8
Operating ratio	103.4	107.1

EXCHANGE RATES

In the above figures foreign currency has been converted according to our normal practice at approximately the average rates of exchange ruling during the period. The principal rates were—

	1976	1975
U.S.A.	£1.80	£2.22
Canada	£1.78	£2.26
Australia	£1.48	£1.69

The effect of the depreciation of Sterling on the comparison of the results between 1976 and 1975 is significant. The underwriting result for 1976 was adversely affected to the extent of almost 4m. On the other hand investment income benefited by some £1½m.

UNDERWRITING RESULT

In the U.S.A. there was a substantial reduction in the underwriting loss in dollar terms as evidenced by the operating ratio which came down from 107.1 to 103.4. The depreciation in Sterling masks the underlying degree of improvement which was present in all major lines with the exception of workers compensation which had an increase in claims frequency and for which rate levels in some states were inadequate.

In Canada an underwriting loss in the last three months was largely accounted for by the extreme weather conditions in December. Overall for the year there was a reduction in the underwriting loss due to better experience in the automobile and commercial property lines.

In the United Kingdom there was a small loss. As previously reported, the stockholders account was in substantial deficit due to losses arising from the January 1976 storms and some £7.5m. of subsidence claims caused by the drought conditions during the year.

In Australia a recovery which started in 1975 continued and led to a return to profitability for 1976. There was a further deterioration in the experience in the Netherlands where the result more than accounted for the total underwriting loss in Europe. In the Other Overseas territories the results overall during the year improved to make a significant underwriting profit.

1st March, 1977

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HOME NEWS

Methven says CBI will discuss two-tier Boards

BY JOHN ELLIOTT, MANAGEMENT EDITOR

TWO-TIER company Board committees last year when it favoured structure could play a part in single-tier Boards. The educationalists who wrote the report, admitted Mr. John Methven, CBI director-general, favoured a two-tier solution to the problem of the CBI's stance on legislation when he said: "There is a room for discussion on two-tier Boards."

Low exchange rate policy 'has risks'

BY MICHAEL BLANDEN

THE RECENT policy of holding the U.K. exchange rate steady involves considerable risks for the authorities, it is argued by Professor Harold Rose in the latest issue of the Barclays Bank review. On one side the U.K. authorities were risking aggravating the inflation problem, if they allowed the exchange rate to rise, the domestic credit expansion approach to monetary discipline between net foreign reserves are being maintained.

Callaghan to visit E. Anglia

By Rupert Cornwell, Lobby Staff

THE PRIME MINISTER will visit East Anglia to-day—the latest in his series of trips to the regions to see British industry at work. Mr. Callaghan will be in Colchester in the morning, accompanied by Mr. Alan Williams, Minister of State for Industry. They will tour the factory of the 600 Group and meet management and shop floor workers.

Firestone £1m. expansion plan

Firestone Industrial Products is to spend £1m. on its factory in Treherbert, South Wales. Firestone Industrial manufactures rubber components, including car and commercial vehicle suspension.

APPOINTMENTS

Senior changes at Hawker Siddeley

Mr. E. R. Bently and Mr. T. W. E. Sallitt have been appointed directors of HAWKER SIDDELEY Brackett and Co. and continued as managing director of Hawker Siddeley Water Engineering. Mr. C. E. White, secretary of Hawker Siddeley Group, joins the Board's national committee from April 23. Also from that date Mr. James D. Robinson III, now president, will be chairman and chief executive officer of AMERICAN EXPRESS COMPANY and will become chairman of the executive committee from April 23. Also from that date Mr. John Smith, formerly British Ambassador to Czechoslovakia from 1971-74 and Assistant Under Secretary of State until his retirement at the end of last year, has been appointed legal adviser (Deputy Under-Secretary of State) in the HOME OFFICE to succeed Sir Kenneth Jones, who retires on June 30.

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royalties North Sea CORRESPONDENT In addition, the... royalties... North Sea... Gas Oil Total 14.9 12.7 1.9

messages... guide to L...

Bank of Montreal advertisement featuring a portrait of Edward L. Meraldo and text about his appointment as Vice-President of the new International Loan Syndication Unit.

RHM cuts will cost 450 jobs advertisement. Financial Times Reporter. RHM FOODS will make 450 workers redundant at its Great-ham, Teesside plant before the end of August.

Welsh TV relay advertisement. THE INDEPENDENT Broadcast-Inf Authority's new UHF television relay station at Crickhowell, Powys, Wales, is now expected to begin transmissions on Friday carrying the programmes of HTV Wales on Channel 24.

Large advertisement for Lloyds Bank: "Enjoy pay day as much as the people you're paying". Includes text about pay service and a coupon for more information.

TEHRAN. 10.30 NON-STOP advertisement for Iran Air, featuring a logo and text about non-stop flights.

SEE PORSCHE'S NEW PORSCHE the 924 ON PAGE 3 advertisement.

Lloyds Bank advertisement featuring a logo of a horse and rider, the text "Lloyds Bank", and a coupon for requesting a Pay Service specialist or more information.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

DATA PROCESSING Problems of power

TO THE uninitiated one of the dating from the days before more remarkable aspects of a 400 Hz technique was common sizeable computer centre is that it was necessary to literally the space needed to install a reconstructed the 50 Hz mains suitable quality of power supply with de-rectified from the "raw" can be nearly half that taken mains, and fed to motor genera- up by the computers themselves, for sets.

The power needed is often . Matters have been improved large, and a separate area remote by using 400 Hz in the motor from the computer room is generator sets, generally reduc- necessary since the noise of the ing bulk, and now a British rotating machines is not toler- able.

For example, British Airways' computer centre at Heathrow consumes about 200 A, half going to the IBM 370 machines themselves and the other half to air-conditioning them and cooling fans and by insulation their operators. In BA's case of the problem is compounded by one metre is only 63 dBA the presence of equipment

90 dBA of conventional machines. Savings that can result from such units include the fact that no separate "power house" is needed and expensive 400 Hz cabling over long runs is not required.

Particularly important, however—and where the new unit scores over its solid state counterpart—is that the kinetic energy stored in the rotating parts allows the machine to maintain full rated power for 0.5 seconds in the event of a "main" "drop-out."

The company also points out that, although the cost of solid state electronics is coming down, there is still a price advantage for rotary sets of 2:1 (it was 3:1 in 1970).

The system, called TQI, makes use of the company's exclusive design of rotary machine made for it in Germany. It is conceived as a converter, with only one shaft and no couplings. Operation can be by computer staff and very little maintenance is needed. More from Bilton Way, Hayes, Middx. UB3 3ND (01-545 8871).

OFFSHORE INDUSTRIES Safer cranes at sea

SAFE-LOAD indicator equipment suitable for retrospective fitment to cranes being operated from offshore rigs and supply vessels is announced by Ferranti under the name Rangload indicator (radius, angle, load).

The unit can be preset to take account of the current sea state and the dynamic loading conditions this will impose on the crane, as well as the performance characteristics of the crane itself. Rangload meets the Department of Energy recommendations for a safe-load indicator system for use on cranes operating in hazardous environments (Zone 1 installations). The first to enter service will be installed on a Link Belt crane being used by Shell U.K. Exploration and Production, as operator for Shell/Esso, on the Brent "B" production platform.

It has a combined control and information display panel for the crane driver, plus attitude and load transducers located on the crane.

Preparatory to lifting a load the crane driver depresses a control button specifying the current sea state. He has four options indicating the significant wave height as being 0 feet, 5 feet, 10 feet or 15 feet. Significant wave height is the average peak to trough amplitude of the largest one-third of waves passing the crane's position.

The driver also specifies on the control panel by push button whether the crane is set up to operate with a one-part or whip line, or a two-part line. A calculator forming part of Rang-

MAINTENANCE Cleaning brewery tanks

VESSLS in the brewery, food, and drug processing industries are usually cleaned with high volumes of water using a spinner or spray ball machine. A Danish company has developed a jet-type unit which is claimed to be more economical in the use of cleaning fluid.

Made of stainless steel and Tebon, by Tofte and Jorgensen, in Copenhagen, the machine has four slowly rotating jets. The gear for the jets is driven and lubricated by the water passing through the unit, which simultaneously revolves round its own axis. The maker says the jets of water reach and clean every part of the vessel interior.

Rates of flow vary from 10 to 200 gal./min., pressure from 15 to 165 psi, and vertical free throw from 50 to 90 feet. Working temperatures can range from 32 to 210 degrees F and ambient from sub-zero to 320 degrees F.

The maker's U.K. office is at 64a, High Street, Thornton Heath, Surrey, CR8 5LP (01-659 2825).

IMI means more than metal

Including products: Industrial machinery, tools, and equipment. Products: Zinc, steel, refined and wrought.

Argus group extended

FERRANTI is bringing out two new processors to supplement the existing units in the Argus 700 range. At the same time, performance of systems which can be built up from it is being improved by the availability of the 230V machines and its bipolar memory—this raises the power of the 700S by 50 per cent.; a low-cost MOS memory and a series of monitors.

The 700F and G come between the E and S models and incorporate microprocessor devices and large-scale integration.

The F model has a 500 nanosecond memory with a maximum capacity of 64K 16-bit words. The G approaches the lower end of the S group in power, supporting 256K or memory, and virtual addressing.

Both are compatible with the rest of the range and have as preferred high level language Coral 68. Also available is a Fortran IV compiler.

Ferranti, Simonsway, Wythenshawe, Manchester M22 5LA. 061 437 539.

Costain in big update

FIRST U.K. upgrade of an ICL 2903 to a 2904 will be carried out by the Costain group in the near future.

The new facility will also have an extra 8K words of store and an EDS 60 disc. The new 2904 will comprise 40K words of store, 80m characters of disc storage, five direct data entry stations, and two line printers.

In the 18 months that Costain has operated the 2903, it has made progress in the establishment of a comprehensive range of construction industry software. A batch mode international estimating suite of programs and a Contractors Certificate preparation system for use both in the U.K. and overseas have been developed and are being marketed in the construction industry. Both systems are in use throughout the Costain Group.

Other plans include the development of a shipping and order processing system which will improve the smooth manage-

Scicon work on Euronet

AN ANGLLO/FRENCH consortium of Scicon Consultancy and Sobemap has been commissioned by the SEC to draw up the guidelines for the necessary interface procedures for Euronet so that user terminals and equipment used to gain access to data speak the same language.

In order to achieve efficient communications between host computers and terminals within Euronet, it is necessary that the corresponding software sets or modules located at the host sites for Euronet should correspond to the terminal support modules in the terminal concentrators.

The joint Scicon/Sobemap study will draw up the main guidelines for the host operators for implementing a part of the different levels of interfacing on the host computer side.

The study will also include an analysis of the ESP/25 document and the X25 draft recommendation defining interfaces between the host and the network on the electrical, frame and switched data packet levels.

Sobemap is part of the SEMA/METRA Group which with Scicon intends to develop other international business opportunities.

Another U.K. group, Logica, already has been awarded an important Euronet design contract. Scicon on 01-580 5599.

Inspection of offshore structures

BECAUSE not sufficient is known of the potential business opportunities that may arise from the need for underwater inspection of North Sea structures a research project to investigate the possibilities has been instituted by the Underwater Engineering Group part

SECURITY AND SAFETY TV eyes on Birmingham

POLICE surveillance of Britain's second largest city will soon be at the fingertips of operators using visual display units.

West Midlands Police have placed an order with Delta Data Systems of Welwyn Garden City (Herts.), for sixty "Delta 4090" display units. These will have a key role in a new Ferranti Argus computer-based Command and Control system now being developed by the force.

Focused on Birmingham, the heavily-populated area covered by the West Midlands Police comprises 1800 "999" calls per day alone and the new system will be incident orientated.

In response to a "999" call, control room operators record the details on an incident log and select the most suitably located patrol car from a "real source" list appearing on the 4050 display screen and direct the car to the incident. The incident log details are also immediately relayed to the appropriate sub-division for information. Alternatively, calls are routed from control to the displays of the 32 sub-divisional

Cutting oils improved

TWO NEW formulations of its Ultracut metal cutting lubricant have been produced by Rocol of Swillington, Leeds.

Ultracut R, which is mixed with mineral oil in the proportion of one litre to 32 is especially intended for tough metals such as stainless and high tensile steels and some non ferrous alloys.

The other product Ultracut M is an oil for use in cutting operations where the cooling properties of water are required. A dilution of one to 15 with water is said to be generally satisfactory for most operations.

practical way to overcome problem is individually opposite pairs, mesh together. This means one half has to be replaced any reason a complete is required.

Plascut Urethane has introduced a matching problem polyurethane, in which and female halves are changeable. No matching material cost is far less phosphor bronze.

A typical application age works where the are used to the filter separate the solids water. These press cloth unions which filter material in pen- in addition to the matching phosphor bronze, the aggressive environment often rosin and the building taminants.

Replacement of unions with Plascut Urethane completely eradicates lems. The new unit cost (also no scrap potential (these) are to damaged or scrapped suffer from corrosion.

Plascut at 7, Mount Rotherham, Yorks. Rotherham T3331.

ICL in on clearing contract

BANKERS' Automated Clearing Services (BACS) has taken delivery of an ICL 2960 computer system at its north London computer centre. This is the first part of an order valued at £1.1m.

The 2960 computer will operate under VM/3B and run existing 1900 programs, as well as those written specifically for 2900. BACS currently operates four ICL 1904S computers housed in a 30,000 square foot computer hall, one of the largest in Europe. It is the largest paperless money transfer service in the world.

Standard alarms

DESIGNED FOR use in small and medium sized buildings is SO1 1QH (0703 30611).

APPOINTMENTS Personnel Director

and co-ordinate its implementation in liaison with Regional Directors and their Personnel Staffs.

Starting salary, and other benefits customary at this level, will be discussed at interview.

Candidates, male or female, must be professionally qualified, preferably graduates and aged 35 to 50. They should have several years' senior personnel management experience in a company, or division of a major group, where personnel practices are well developed and where they take personal responsibility for the Industrial Relations activity.

The strictest confidence is assured to all interested applicants who should write to me personally, H. C. Holmes, Bull Holmes (Management) Limited, 45, Abernacle Street, London, W1X 3FE.

LEGAL NOTICES

No. 9022 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the matter of THE BRESLAER (P.O.) LIMITED and in the matter of the Companies Act, 1968.

NOTICE IS HEREBY GIVEN that a Petition for the Winding-Up of the said Company was presented to the High Court of Justice, Grand Court, on the 24th day of February 1977, and that the said Petition was supported by the COMMISSIONERS OF CUSTOMS AND EXCISE, 35 Abchurch Lane, London, EC4N 3DF, and that the said Petition is directed to be read before the Court sitting at the Royal Courts of Justice, Grand Court, W.C.2., on the 28th day of March 1977, and any creditor or contributory of the said Company desiring to support or oppose the making of an Order on the said Petition may appear at the time of reading in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requesting such copy on payment of the regulated charge for the same.

G. KRIZOBAN, Solicitor, 35 Abchurch Lane, London, EC4N 3DF.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve an affidavit or statement of assets in writing of the nature and to the effect of the notice so to do. The notice must state the name and address of the person, or firm, to whom the copy of the Petition must be served or if served, must be sent by post in sufficient time to receive the above-mentioned copy not later than a clock to the afternoon of the 24th day of March 1977.

YOUR VAN'S JUST COLLECTING THE LAST OF THIS MONTH'S TRAFFIC. CAN YOU DO AN EXTRA TWO THOUSAND PARCELS NEXT MONTH?

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HOME NEWS

Credit card scheme to cover expenses

MICHAEL BLANDEN

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cards as it is on normal Barclaycard... monthly billing, companies will enjoy an average of 15 days free credit.

Vosper wins fight for destroyer order

BY KEVIN DONE, INDUSTRIAL STAFF

VOSPER Thornycroft, the naval shipbuilder, has come out on top in the struggle with Cammell Laird for the Navy's latest order for another 250m. Type 42 destroyer.

year and is outfitting a second ship for delivery in the first half of 1978. If the Government decides to come forward with its next Type 42 order well before the end of the year Cammell Laird must be favoured to take it, given the naval work that is already in hand at its main competitors.

Scottish Nationalists plan new devolution Bill

RAY FERMAN, SCOTTISH CORRESPONDENT

SCOTTISH Nationalists will try to challenge what they could not do in the dust of other parties' devolution by tabling their Bill to set up an assembly in Edinburgh.

for transferring power to a Scottish Government. The move, which will be the SNP's contribution, to Mr. Michael Foot's all-party talks on devolution, is a shrewd one.

Engineers' craft training 'more needed than maths'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

SCHOOL LESSONS in crafts are apparently not invited to take even more important part in the Government's regional debates on educational reform.

But it adds that, while mathematical proficiency among the industry's 60,000 new entrants a year has fallen, the maths skills can be improved during the first year of training.

Nuclear group talks postponed

BY DAVID FISHLICK, SCIENCE EDITOR

NEXT MEETING in London energy policy he had promised a meeting of the 11 nuclear suppliers, which is attempting to set up higher restrictions on the export of nuclear technology.

ing an International Atomic Energy Agency meeting in Japan next week. Proposals for the inspection of the tripartite agreement, gas centrifuge enrichment plants in Britain and Holland, owned jointly by Britain, West Germany and Holland, will be put forward at the talks.

LABOUR NEWS



Picketing toolmakers attempt to prevent a car transporter leaving British Leyland's Castle Bromwich body plant in Birmingham. Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers, leaves his Peckham, London, headquarters after his national executive decided to try to set up a meeting with the Leyland workers to discuss their pay problems.

Censure bid renews Left-Right battle

BY DAVID CHURCHILL, LABOUR STAFF

THE INTENSE political rivalry within the ranks of the Civil and Public Services Association, which last year flared into open warfare in the courts, is expected to dominate this week's meeting of the union's 26-member executive, which started yesterday.

recently and criticised her for appearing on regional television to discuss the branch's action. The significance of the censure motion is that it will rekindle bitter in-fighting that will reach a climax again this year at the union's annual conference at Southport in May.

Union will not support 'jobs for sale' member

LEADERS of the Amalgamated Union of Engineering Workers yesterday closed the file on a "jobs for sale" case involving a former British Leyland convenor.

Mr. Knight was sacked from Leyland's body factory at Castle Bromwich, Birmingham, after allegations that he accepted bribes of up to £50 to get people jobs.

Midland Bank staff hit at delay

BY OUR LABOUR STAFF

MIDLAND BANK white-collar staff may threaten to take industrial action, which could include a work-to-rule, in protest at delays in introducing a profit-sharing scheme for staff.

The Midland Bank staff, members of the National Union of Bank Employees, are angry because other clearing banks have already agreed profit-sharing schemes for their staff.

Many directors 'were union men'

BY OUR LABOUR STAFF

MORE THAN half the directors of 102 British companies, who manufacture or import machine tools, components and equipment, have roots on the shop floor, and of these over a third have held union cards.

It showed that non-executive directors, so often derided by critics but whose personal experience in legal, financial and other professional areas is much valued, were comparatively few in number.

Council men halt work for a day

BY OUR LABOUR STAFF

COUNCIL WORKERS in East Anglia and the West Country were last night claiming complete success in their one-day strikes against cuts in manpower and services in their counties.

In Essex, almost all schools were closed by the stoppage by both manual and white-collar council workers from ten trade unions. About 2,000 workers at one time halted traffic in the centre of Chelmsford as part of their protest.

Working group to discuss print industry

BY OUR LABOUR STAFF

EMPLOYERS and unions in general printing will set up a working party for regular discussions on the industry's economic performance.

Representatives of the British Printing Industries Federation and of the TUC printing industries committee will look at exports, imports, productivity output and investments.

More police favour right to strike

BY OUR LABOUR STAFF

TWO MORE police forces have voted in favour of the right to strike. In Northumbria more than 80 per cent of the 3,000 who voted in a ballot were out in favour and in Nottinghamshire more than 80 per cent of the 2,000 police did likewise.

The Police Federation will discuss a compromise offer within the pay policy to-day.

Workers fight takeover bid

MORE THAN 300 workers at the Bootle headquarters of Johnsons Group, the cleaners, decided at a meeting yesterday to oppose the \$4.7m. takeover bid by Sketchley.

A resolution described the bid as unacceptable and particularly serious at a time of high unemployment on Merseyside, because it would lead to substantial redundancies.

Pit car protest

MINERS at Ebbwington colliery in Nottinghamshire are to protest to the National Union of Mineworkers about the cars bought for union officials. They say miners were not asked for permission from their area council to withhold union subscriptions.

Confidence needed to meet competition

BY OUR GLASGOW CORRESPONDENT

THE ENGINEERING industry main problems facing engineers need more confidence in its own future if it is to meet growing competition from abroad, Sir Monty Finlayson, chairman of Sears Engineering, said yesterday.

The industry needed encouragement to concentrate its thoughts and actions on development, whereas all it had been receiving recently was frustration, including a surfeit of law, taxation, and political diversion, and delays.

BBC wants 45 new stations

THE BBC is understood to want another 45 local radio stations. It claims that such a move would cost, in addition to the 20 that exist already, only 60p out of each BBC licence fee.

Probable centres for 25 of them are given as Alnwick, Aylesbury, Barnstaple, Barrow, Basingstoke, Cambridge, Canterbury, Chelmsford, Coventry, Dorchester, Exeter, Gloucester, Guildford, Ipswich, Lincoln, Luton, Northampton, Norwich, Peterborough, Plymouth, Stroud, Swindon, Taunton, Truro, Worcester, and York.

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Table with columns for '1976' and '1975' showing financial data like Sales, Profit before tax, Earnings per share, Dividend per share, and Dividend covered.

The substantial increase in profits arose from the increase in sales of which nearly 44% were exported. The whole increase has been financed by internally generated funds.

Advertisement for Tokyo Trust S.A. including 'Notice of Annual General Meeting' and 'EMHART' quarterly dividends.

Company bids to go private

By Michael Lafferty, City Staff UNITED ENGINEERING Industries, a Manchester-based company whose share offer was over three times subscribed when it went public in 1970, announced yesterday that it wants to go back to being a private company.

Minister to study case put by M42 objectors

BY IAN HARGREAVES

MEMBERS of the M42 action committee yesterday met Mr. John Horam, Transport Under-Secretary, and urged him to re-examine plans to build the Bromsgrove section of the M42 and the Warwick section of the M40.

Plan to change school's entry system challenged

FINANCIAL TIMES REPORTER

PLANNED CHANGES in the admission procedure of a London grammar school are being challenged in the High Court.

Parents-Old Boys' Joint Committee led by its chairman, Mr. Dudley Stanley Fox, Mr. Nicholas Wood, Mrs. Jessie Gibber and Mr. Derek Henry Clark.

More police favour right to strike

BY OUR LABOUR STAFF

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Owen faces angry Tory attack on Europe policy

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

State bank proposed by Labour Treasurer

By Richard Evans, Lobby Editor

MEMBERS OF the Labour Party's National Executive Committee were puzzled yesterday by reports of a party plan to create a public sector bank as an alternative to the wholesale nationalisation of the major banks and insurance companies favoured by the annual conference.

The scheme, being proposed by Mr. Norman Atkinson, the party treasurer, has not come before any NEC committee and has not been investigated by the Transport House research department. Mr. Atkinson's proposal is that a State sector bank could be operated on the co-operative principle and seek help from the existing Co-operative Bank. It could be responsible for the funds of the National Enterprise Board and other State institutions.

But left-wing members of the NEC were furious at the suggestion that the wholesale nationalisation of banks might now be dropped. They remain determined to press for the conference commitment to be included in the next election manifesto, even though Mr. Callaghan and Mr. Hesley have publicly expressed their hostility.

A similar scheme was proposed when the executive discussed the nationalisation proposals a year ago, but was discarded on the grounds that if one bank was nationalised, funds could be withdrawn to banks still in the private sector.

Water Bill in autumn

THE GOVERNMENT intends to introduce its proposed major water industry Bill in the autumn. Mr. Denis Howell, Environmental Minister of State, told a Commons committee yesterday.

THE Conservatives launched a bitter attack in the Commons yesterday over the Government's handling of Common Market policy and its failure to bring forward early legislation for direct elections to the European Parliament.

Speaking in the first foreign affairs debate to be held in the House for many months, Mr. John Davies, shadow Foreign Secretary, singled out the Government record on the EEC as the main target for Opposition criticism.

He was replying to Dr. David Owen, who, in his first appearance at the Dispatch Box since his sudden promotion to Foreign Secretary, praised the EEC as a "solid buttress of democracy". Dr. Owen said that the White Paper on direct elections would be forthcoming in the next few weeks. But he warned that if legislation were pushed through Parliament without adequate discussion, it might suffer the same mishaps as the Government's devolution Bill.

He went out of his way to emphasise the need for political unity in the Community if further progress was to be achieved towards economic unity. The Community was an "economic institution with a political future," he said. This was not good enough, however, Mr. Davies. He demanded that a Bill to initiate direct elections should be brought forward immediately and declared: "Disenchantment with our country within the Community has never been greater than it is today. It is pitiful to contrast it with the situation five years ago."

He claimed that petty mindedness had been the hallmark of Britain's contribution to the EEC since the referendum. This was demonstrated by our behaviour towards the agricultural policy, the green pound, the dairy problem, the pigmeat problem, our demand for minimum safeguarded prices on energy, and our intervention in the North-South dialogue.

All of them were significant of a failure to understand the role the country had to play in the future of the Community. It is deeply disappointing to me and to many others in this country," he went on. On top of this, there was now the problem of the direct elections. The Government, Mr. Davies said, could not be proud

of the way that Mr. Frank Judd, the new Minister of State in the Foreign Office, had handled the matter in the House the previous day.

He accused Mr. Judd of having shown a "smirking attitude" when he had repeated the British Government's promise to use its best endeavours to get direct elections under way by the Community's target date of May or June next year.

The opposition found this particularly disturbing and Mr. Davies warned that it was no good the Government using the phrase "best endeavours" as a cloak for pusillanimity or inability to act. There was no reason at all to have a White Paper on the legislation. The Government should present the Bill now, he argued.

Mr. Eric Heffer (Lab., Walton), a leading Left-winger, intervened to protest that there was no enthusiasm for direct elections, except among "Euro-fanatics." The people were just about as enthusiastic for it as they were for devolution.

Mr. Davies disputed this, and said that if the issue were put to the House at the moment, there was little doubt what the outcome would be. He found it lamentable that the Foreign Secretary talked about the Com-

munity as a buttress to democracy while the Government failed to do something about it in the real sense.

Opening the debate Dr. Owen told the House that progress towards political unity in the EEC had to be considered together with progress towards economic unity. These two aspects moved in tandem and were inevitably linked.

One could not escape the fact that the reason why economically strong countries were prepared to help the less well off, was political.

Over the next five years, the Community had to face the problem of economic divergence between member States. The immediate need was to restore economic growth to the Community in order to establish the basic pre-conditions for a successful policy which would promote convergence.

Therefore, we had to make progress on political unity. Were the present trends to economic divergence to become even more firmly established, it would present a serious threat to the cohesion of the Community.

The EEC, needed to become more relevant to the lives of the people. To achieve this, we

should reinforce national efforts to restore growth and to fight inflation and unemployment. We should avoid butter mountains and the selling off of surpluses to the Russians.

There were some jeers as he added that we could also help by giving people a say through direct elections to the European Parliament. That would be a positive contribution. To be successful, however, the electoral system adopted in each member State must carry conviction and be truly representative.

Some of the problems and difficulties of electing 51 representative members for Britain would become more apparent when the Government's White Paper was published within the next few weeks.

There were shouts of support as he emphasised that such constitutional changes had to be carefully considered by Parliament as a whole. The more agreement that could be achieved now the easier it would be to pass the legislation.

Sir Geoffrey de Freitas (Lab., Kettering), vice president of the European Parliament, rapped the Government over its progress on direct elections. He said he was regularly having to account for Britain's progress.

Direct elections could bring final Labour split—Gould

BY RUPERT CORNWELL, LOBBY STAFF

A DECISION to go ahead with direct elections to Europe would not only embroil Labour in another internal feud, but would produce a bad result between Left and Right that would end the party in its present form.

These warnings appear in a five-page pamphlet to be circulated to Cabinet Ministers entitled "The case against direct elections," drawn up by Mr. Bryan Gould, Labour MP for Southampton Test, and one of the most ferocious and articulate anti-Marketees on the Government backbenches.

The party stood to gain nothing and lose a great deal from direct elections. Apart from leading to another quarrel

on a major constitutional issue—the last thing the Government should contemplate—the giant constituencies planned might produce a bad result for Labour, whatever the underlying electoral situation in the country.

Moreover, says Mr. Gould, money from Europe made available to "moderate" and pro-EEC candidates would remove the lack of funds that has hitherto thwarted those who wanted to break up the Labour Party and establish a new Centre-Left grouping. The outcome might thus be the emergence of a new U.K. party modelled on European Social Democrat lines. The document also rejects the

argument that direct elections would somehow help to make the Common Market more democratic. Its author points out that with only 51 members out of more than 400, Britain would be in a permanent minority. Its MPs would be unable to protect the country's interests as took the Parliament at Westminster.

Direct elections had more to do with "federalism" than democracy, Mr. Gould claims. Democracy in the EEC would be strengthened by making Ministers from Britain more accountable to the House of Commons than they were now. A directly elected European Parliament would reduce the ability of the Commons to intervene in Community affairs.

Minister's Callaghan war debut ruled by protocol

BY IVOR OWEN, PARLIAMENTARY STAFF

BY PHILIP RAWSTORNE

Dr. David Owen's debut as Foreign Secretary in the Commons yesterday was marked more by protocol than political personality. Having risen to the heights of the Cabinet last week, his first survey of the international scene from his new position was diplomatic and disappointing.

Even in the jet age there should be some excitement still in a round-the-world trip. Dr. Owen began it with assurance, calling on the rest of us to show more national self-confidence and buoyancy. Even as he said, at the risk of sounding jingoistic.

But the Foreign Office brief contains such imperia "shoes" messages and the Foreign Secretary continued laudably on his way to some bland conclusions. Time was running out in Rhodesia, he said. But he was willing to go anywhere, talk to anyone, to achieve a peaceful settlement.

He saw a gleam of hope in Cyprus and the foundation of British security in NATO; detected new optimism in the Middle East, no suggestion of betrayal in the Falklands; and noted the importance of bridging the gap with the underdeveloped nations.

Nothing new in those perspectives. Nor in his approach to them. "The Government has to balance morality with reality," he asserted. It had to be hard-headed and practical, and seek realistic objectives.

It had to avoid—in the Churchillian phrase indispensable on these occasions—"the mess, slush and gush." It was no until Dr. Owen reached his home and direct elections to the European Parliament that he encountered any turbulence.

Labour's anti-Market MPs took a dim view of his enthusiasm for the prospect of the greater political cohesion that would be brought to the Government would bring to the EEC. Dr. Owen, finding his own feet again, insisted that the Government genuinely intended to "use its best endeavours" to meet the target date for the elections. Labour MPs found little to cheer in that statement—but welcomed him with applause for his elevation.

THERE WILL be a three-hour emergency debate in the Commons today on the developing crisis at strike-torn British Leyland which, according to Ministers, is in danger of "bleeding to death."

It will be opened by Mr. Hal Miller (C., Bromsgrove and Redditch), whose second attempt in 24 hours to interrupt the scheduled Parliamentary programme to permit urgent discussion on the refusal of the tool-room committee to recommend a return to work, was this time approved.

When the Speaker, Mr. George Thomas, called on MPs to stand in their places to indicate support for Mr. Miller's application for an emergency debate, the Tory benches rose almost in one movement, but Labour MPs, despite provocative jibes from the Opposition side of the House, remained seated.

Earlier, the Prime Minister had described the problem facing British Leyland as "very serious." After commenting on the Government finance already made available to the company, Mr. Callaghan declared: "There must be a review of the situation for further funds are committed."

He told MPs that Mr. Eric Varley, Secretary for Industry, had received a letter from the National Enterprise Board earlier in the day. "The Government is giving serious consideration to this and the Secretary of State will make a statement as soon as we have been able to conclude our deliberations."

Two pillars

Mr. Callaghan recognised the difficulties over differentials stemming from the pay policy of the past two years but warned: "I say to those who are concerned about differentials that perhaps the biggest differential of all is between a man in a job and a man out of one, and some of them may be out of one."

Mrs. Margaret Thatcher, the Conservative leader, argued that British Leyland demonstrated the weakness of the two main pillars of the Government's policy, the social contract and the industrial strategy.

Backed by Tory cheers, she insisted: "They are mutually incompatible with one another. We are not getting either the production nor the productivity that we need because we have neither a policy which allows for differentials nor a taxation policy which permits of incentives."

There were protests from the

Wright benches when the Prime Minister accused Mrs. Thatcher of again falling back on a completely negative approach. Opposition leader, he said, consistently negative on industrial strategy, industrial decay and devolution.

"Indeed, it is difficult to see where Mrs. Thatcher stands on a single issue," Mr. Callaghan snarled.

Mrs. Thatcher countered and Tory cheers, that the negative thing was to refuse differentials and refuse incentives. Only when these were provided would it be possible to get positive results.

With Labour MPs' results approval, the Prime Minister answered: "You have only one concern, and that is naked ambition."

Mr. Michael Grylls (C., South West) suggested that the unhelpful thing the Prime Minister could say to British Leyland was that Stage Three of the policy would be more flexible. Mr. Callaghan assured him of the discussions with the union movement would clearly be on the basis of a more flexible policy than that operated in the past two years.

He hoped that those with genuine grievance over differentials would recognise that present policy would not be August and that in the interim there would be opportunities for discussions of greater flexibility in the next phase.

Mr. Charles Morrison (Devises) stressed the need for penetration of the British market by foreign manufacturers and asked how much longer British taxpayer could expect to pour money into British Leyland to produce cars which were increasingly wanted at home.

While urging Tory MPs not to go too far in criticising what was a very important national asset, the Prime Minister conceded that it could not be denied that last year British Leyland had failed to produce something like 500 cars.

He hoped the workforce would understand that not only the car manufacturers but the Japanese were simply vying to pour cars into Britain. All gaps created by falls in production.

Mr. John Pardoe (L., Cornwall) said that the problem of British Leyland dated the present pay policy that of the Heath Government. He urged Ministers to look what had been happening at Meriden co-operative and to the appropriate conclusions.

Written Answers

TREASURY

Dr. Edmund Marshall (Lab. Gooles). Why April 6 is the date chosen for the beginning of the taxation year?

Mr. Dennis Davies, Minister of State. The reasons why the taxation year runs from April 6 to the following April 5 are primarily historical, and have their origin in the reform of the calendar in 1752, when for public accounting purposes 11 days were added on to the old quarter days. The date was adopted for income tax on its re-introduction in 1842, and has not been changed since then.

Mr. Donald Stewart (Scot. Nat., Western Isles). What is the latest estimate for average household expenditure per week in the U.K.?

Mr. Dennis Davies. The latest available information relates to the third quarter of 1977 in which it is estimated that average consumers' expenditure per household was about £73.50 a week.

Mr. Colin Shepherd (Con. Hereford). Will the Chancellor introduce a special income tax relief for single women between the ages of 60 and 65 years?

Mr. Dennis Davies. I do not think such an allowance would be justified.

Mr. Robert McCrindle (Con. Brentwood and Ongar). Will the application of VAT be extended to include package holidays, and, if so, whether this would apply to the costs attributable to transport or the costs attributable to accommodation or both?

Mr. Dennis Davies. Value added tax already applies to package holiday tours, the passenger transport element being zero-rated. The costs attributable to accommodation are taxed at the standard rate if in the U.K., but if abroad are outside the scope of our value added tax, although subject to any tax applied by the country concerned.

PRICES

Mr. Harry Cowans (Lab. Newcastle Central). What was the number of applications in the last two years to the Prices Commission to increase prices? How many have been rejected?

Mr. Ebert Macleanan, Under-Secretary. 15,823 price increases were notified to the Price Commission between December 1974 and November 1976. 338 were rejected. Many others were modified or withdrawn. Details of notifications by the larger companies which are rejected, modified or withdrawn are regularly given in the Commission's Reports.

TRANSPORT

Mr. Roy Hughes (Lab. Newport). Has the Secretary of State recently considered authorising the sale of any publicly-owned road transport interest to private enterprise?

Mr. William Rodgers, Secretary of State. No. But under the powers granted by Parliament the National Freight Corporation may sell any part of their undertaking which in their opinion is not required by them for the purposes of their business. Such disposals do not require my prior approval.

PM studies views on Treasury

BY IVOR OWEN, PARLIAMENTARY STAFF

THE PRIME MINISTER was studiously non-committal when questioned in the Commons yesterday about the influential Treasury views on the direction of economic policy and the cost of public expenditure.

"He is the Minister responsible for the Inland Revenue and Customs, and Exercise some other smaller departments. The Chancellor is also Chairman of the Monetary Policy Committee and a Governor of the International Monetary Fund."

Still more fundamental changes in the Treasury were urged by Mr. Norman Ashton (Lab., Tottenham) when he stated the conclusions drawn from the failure to reduce unemployment reaching its present levels and the fact that rate of inflation was likely to reach a year on year rate of 17 per cent.

"Now is the time to reassess the whole question of defining the Treasury," he stated. If the Government was serious about job creation, an executive director should be appointed to replace those parts of the Treasury which had so far failed.

Mr. Callaghan replied: "I have taken over no responsibility from the Chancellor, but I am still First Lord of the Treasury." Replying to Mr. Ian

Wright (Lab., Thornaby) he stated: "The Chancellor is responsible for all Treasury decisions, including the direction of economic policy and the cost of public expenditure."

"He is the Minister responsible for the Inland Revenue and Customs, and Exercise some other smaller departments. The Chancellor is also Chairman of the Monetary Policy Committee and a Governor of the International Monetary Fund."

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Inflation rate could fall away if . . .

BY IVOR OWEN, PARLIAMENTARY STAFF

A SUCCESSFUL outcome to negotiations on the third phase of the monetary incomes policy could lead to a big drop in the rate of inflation in Britain, the Prime Minister told the Commons yesterday.

He envisaged "a substantial falling away in the rate of inflation in the second half of this year and the first half of 1978."

But Mr. Callaghan emphasised that this forecast was dependent on a third year of restraint and the consequent beneficial effect on the rate of sterling and the price of imported commodities and raw materials.

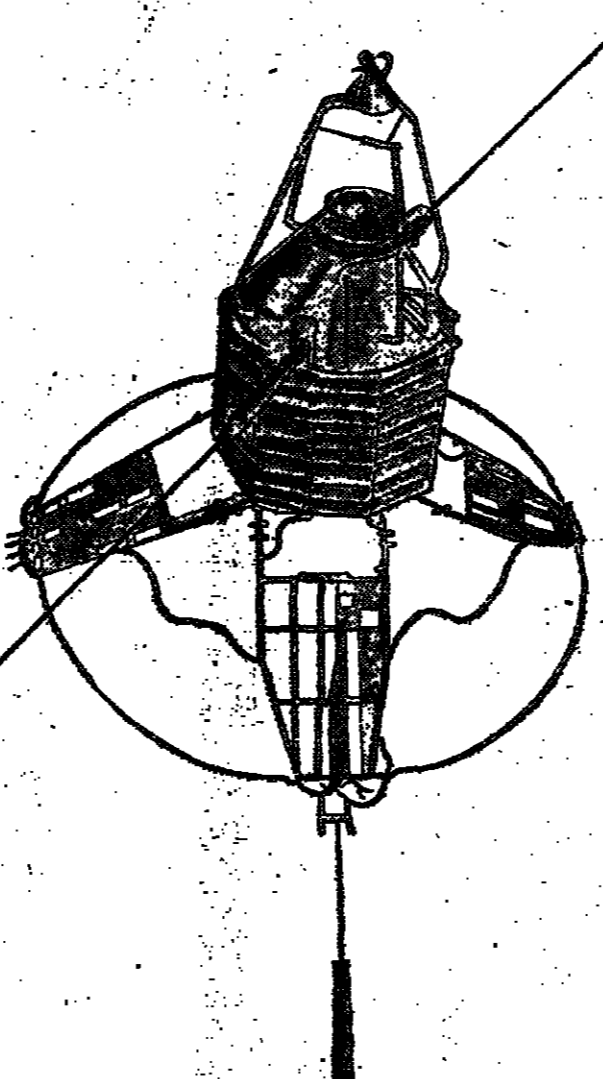
Replying to sceptical questions from the Opposition benches, he said he was trying to give the House the most accurate forecast available although he accepted the need to treat all forecasts with caution.

Unfair dismissal Bill introduced

A BILL given a first reading in the Commons yesterday is designed to restore recently eroded rights of unfair dismissal to people who work sometimes inside, and sometimes outside, the U.K.

Its sponsor, Mr. Greville Janner (Lab., Leicester W.), told MPs that the measure would affect the tens of thousands of people who ordinarily work abroad part of the time. Their rights on unfair dismissal.

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The Management Page

EDITED BY JOHN ELLIOTT

INFLATION ACCOUNTING

Why Morpeth is too revolutionary

BY MERVYN WINDSOR



Mr. Mervyn Windsor, who is group accountant of Pilkington Brothers.

WHEN PILKINGTON shares were first offered to the public in 1970 it was necessary to draw attention to the prospectus to the long-established policy of making a contribution to the increased cost of replacement of fixed assets and to the expense of premature replacement.

Against this background my company welcomed the appointment of both the Sandilands committee and the Morpeth Inflation Accounting Steering Group, and we looked forward to the introduction of a system accounting which injected some realism into financial statements.

The continued use of historic costs in inflationary surroundings is misleading and can lead to wrong decisions in vital matters of policy as well as giving the wrong impression of a company's general situation.

While not wholly accepting the exposure draft on current cost accounting (CCA—ED 18), it is disturbing to note the rising tide of criticism and there is a danger of it leading to a rejection of the CCA concept itself. It is a pity that ED 18 appears to be so complex.

Comprehensive

Simpler proposals which corrected the main deficiencies of historical cost accounting would in more ready acceptance. A more comprehensive system of current cost accounting (CCA) would grow from a good root.

Sir Francis Sandilands called CCA "evolutionary rather than revolutionary" but Mr. Douglas Morpeth seems to have opted for a revolutionary upheaval.

The two elements in the counts of most businesses which it is essential to adjust depreciation and fixed assets and the cost of sales and stocks. Pilkington Group has for any years revalued fixed assets and adjusted depreciation. Experience on cost of sales adjustments has however been limited. The U.K. operations during the past nine months but a satisfactory practical system has been evolved. ED 18, in its attempt to embrace the whole accounting system, has made grants changes seem frighteningly different in some aspects unreal.

Pilkington, because of capital intensive manufacturing operations, recognised some 40 years ago the need to provide for the ever-increasing cost of fixed asset replacement. By the 1950s the calculations were based on internal inflation (replacement) indices, supplemented by internal data on the construction cost of specialised glass-making plant. This assessment of the working life of each asset, taking into account obsolescence due to technological change, has been a key factor in the valuation.

Up to now this fairly simple approach has proved effective and the methods used have been applied throughout the group's worldwide operations. There have been few problems once the basic plant registers were established. ED 18 seeks comparison with a "modern equivalent asset" taking account not only of material differences in potential output and useful life but also future operating costs. This is considered to be unnecessarily complicated.

The calculation, if necessary, could be confined to taking account of differences in replacement cost, output and life.

Further complications are introduced in the treatment of the whole based Government accounting system. The exposure draft changes seem frighteningly different in some aspects unreal.

On the other hand, the Morpeth Steering Group is to be congratulated on its realistic approach to deferred taxation. Provisions for deferred taxation should not be required where a future liability is not reasonably foreseeable." It says.

This shows a way through the morass which has grown round this subject, and it is to be hoped that the accounting bodies take note when modifying the standard on the treatment of deferred taxation.

One aspect of ED 18 which might be thought to have considerable impact on Pilkington accounts is the proposed treatment of intangible assets. The Pilkington float licences come into this category and if their value could be established says ED 18, "they should be revalued each year and depreciated through the profit and loss account in the same manner as other fixed assets." Doubtless investment analysts have done this sum many times but the CCA proposals make sense, even if their lack of prudence is ignored?

Research and development can be done internally or through the wealth employed at current value. To deduct development grants from the relevant assets means that the actual wealth employed is understated. This raises the question of whether a plant manager, would readily accept that his capital employed is increased if Government grants are withdrawn.

The charge for depreciation is effectively the wealth consumed by using up fixed assets. To deduct Government grants which may or may not be ultimately received is deliberately to undercut.

The introduction of CCA provides an opportunity to reconsider the treatment of Government grants which under present accounting standards must be credited to revenue over the useful life of the asset. If grants are looked at as a contribution to the capital finance of an asset, then surely they should be put to reserve.

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Intangible

If the research and development is done internally, the research expenditure will be written off as incurred, as will the bulk of the development costs because of the uncertain outcome of the work. However, assuming eventual success, a patent will be registered, thus creating an intangible asset. The patent may be exploited by the owners or it may be sold for a lump sum or royalty.

ED 18 proposes that if there is reasonable certainty regarding the future income, then it is to be valued and presumably the full sum immediately credited to profits. In subsequent years the royalty income would be offset by the depreciation of the intangible asset. This would surely be a misleading picture, especially as the valuation in the balance sheet would increase the capital employed.

Transfers

The latter sweeps up all the revaluation gains and losses and directors are required to justify any transfers out to reserve. The Sandilands approach is to be preferred—and directors could be required to justify the transfer from reserves into profit and loss account those items considered to be distributable. Doubtless it will be said that such a treatment would be a return to the bad old days of reserve accounting. The latter is not considered harmful or misleading provided there is full disclosure. It puts revaluation surpluses direct to their rightful abode as a part of the current cost capital of a continuing business.

ED 18 proposes that the size of a company shall determine when the CCA system becomes mandatory but there have been suggestions that it would be better for CCA to be phased in on an item-by-item basis simultaneously in all businesses. This suggestion has much merit but we at Pilkington consider that both the profit and loss account and balance sheet should be adjusted. It would facilitate the early adoption of the essential CCA adjustments to depreciation, fixed assets, cost of sales and stocks which are currently in danger of being submerged in debate on the more controversial features of the exposure draft. A similar approach by the accountancy bodies overseas might avoid conflicting CCA standards which add to the problems of an international group.

Business Problems

BY OUR LEGAL STAFF

Tax and alterations

I am the owner of a number of residential properties, the rent from which is always spent on alterations and improvements. In one year I had occasion to alter a property to include a bathroom for which a Local Government grant was received. It now appears the Inland Revenue will not allow the total amount paid less grant against the rent account. They wish to charge quite a considerable amount of tax which they state is for capital improvement of the property. Can you clarify the position please?

The expense of repairing, maintaining, insuring and managing let property can be set against the rent (broadly speaking) for income tax purposes, but you cannot get income tax relief for improvements or alterations.

When you come to sell the property, the net cost of improvements (and some alterations, depending on the circumstances) should be deductible for capital gains tax purposes.

In effect, therefore, improvements and alterations have to be financed out of net income, after tax.

Tax on gilts

It has been pointed out to us in connection with the reply last week under Tax on Gilts that the "interests" referred to in the question is not interest and that consequently there is no reason for the brokers to deduct tax at the source. As was stated in Business Problems on December 3, 1975, the misunderstanding results from the Stock Exchange practice of quoting the prices of short-dated British Government (and certain other) stocks on an unusual basis; as explained in the Daily Official List, "the amount payable by the purchaser is the bargain price plus an amount equal to the gross interest accrued to the date for which the bargain was done (or, in the case of transactions done ex-interest, minus an amount equal to the gross interest accruing from the date for which the bargain was done to the interest payment date)."

The interest calculation is merely an element in determining the consideration money, and it does not affect the respective income-tax liabilities of purchaser and seller.

Salary for a job overseas

I am contemplating taking a job with an international organisation for a period of less than 12 months. Would the salary for such an employment, normally paid net and tax free, be subject to tax when I returned to the U.K.? If liable, would one be entitled to any credit for the notional tax these salaries bear?

The extent of immunity from U.K. taxation afforded to officers of international organisations varies according to the office held and the particular organisation concerned.

The simplest solution seems to be for you to ask the organisation in question whether it has been the subject of an order in council under section 1 of the International Organisations Act 1968. If so, you can obtain a copy of the statutory instrument from HMSO.

A number of UN agencies are covered by the Specialised Agencies of the United Nations (Immunities and Privileges) Order 1974, SI1974/1260.

There is no possibility of credit for notional tax on salaries of this kind.

Pay policy views of TUC awaited

BY ERIC SHORT

65+ PENSIONS and BENEFITS

THE TUC will soon begin sorting out with the Government the terms for the next stage of the pay policy. But little has as yet been heard about the position of pension scheme improvements. In the first draft of the TUC's policy document on collective bargaining issues for the talks, the section on occupational pensions suggests that there should be no further restrictions on the negotiation of new pension schemes.

This is a message which has been pushed by the pensions industry ever since the first stage of the pay policy was introduced in 1975. But the TUC then goes on to warn that "an argument against this is the likelihood of the higher paid taking advantage of such an exemption to improve top-hat schemes."

It was strongly rumoured at the time of the first stage that pensions had been excluded specifically at the request of the trade union movement in order to stop directors and senior executives using pension schemes to get round the pay policy. The unions were all too aware that under the previous Conservative Government's pay policies, which did permit rises in pensions, the higher paid made considerable use of special executive pension schemes.

What the TUC does not seem to be aware of however is that the restrictions under first and second stage of the pay policy has not stopped directors setting up such schemes if they so desire. The life companies, especially the newer linked ones, are still doing a lot of business and launching new contracts.

Some of these schemes have been legitimately set up by directors foregoing part of their current salary, which is very cost effective. But other schemes have been set up with the company paying all the contributions out of company profits. The benefits provided may be generous, but the cost as a percentage of profits is usually small and the company does not have to seek a price rise to pay for it.

The TUC talks in its document of finding methods of

stopping directors' schemes. But it is doubtful whether the Inland Revenue would act as a "snooper" to do this and no other quick selective method is possible.

A much more important consideration for the TUC and the Government to take into account in deciding whether to unfreeze pensions is the cost considerations and the effect on prices. The TUC document estimates that the cost would be as much as 2 per cent of earnings, which few companies could absorb without raising prices. So the TUC may well feel that this

even if there is not a complete removal of restrictions. The first is the miners' early retirement settlement which includes pension arrangements going far beyond the current restrictions. Although this settlement was made on the condition that its implementation was subject to it conforming to the provisions of the next stage of the policy, it is very doubtful whether it would have been drawn up as it was unless the parties involved were confident of it going through.

The other pointer was an assertion made last week by Mr. Roy Grantham, general secretary of the Association of Professional, Executive, Clerical and Computer Staff (APEX), that the Government was virtually certain to agree to trade union pressure to remove limitations on pension negotiations in any further stage of incomes policy.

The TUC however seems much more concerned with introducing early retirement provisions than with freezing pensions. While there is a good case to be made for some form of early retirement, it is not a move to be rushed into without giving careful consideration. There are social as well as financial implications in lowering the age of retirement and the TUC is now talking about early retirement in hazardous and arduous occupations and more significantly in selected occupations suffering from high unemployment.

The pension industry desperately requires this rather woolly position of pension improvements to be cleared up quickly. Employers have to make up their minds by December whether or not they intend to contract out; after that it will be made up for them and they will be in the State scheme that comes into force by April next year. Time is really short because of the work and negotiations to be undertaken in reaching a decision. But the TUC has made it clear that it will wait until after the Budget—due on March 29—before deciding its next moves in determining pay policy. It would help everyone if it could make an exception on pensions and state its views now.

With new pensions legislation coming into force next year, the provisions of the next stage of pay policy are crucial

additional price burden should not be borne at present.

What the TUC appears to overlook is that people do suffer as a result of their action in pressing for pension restrictions. While companies, or even an employee due to retire some years ahead may not be affected, it is the man due to retire shortly, and the dependents of employees who have died recently, who suffer.

Stage Two of the pay policy allowed pension scheme improvements up to the minimum contracting out level laid down by the Social Security Pensions Act 1975. But this does not provide for past service benefits or lump sum payments on death before retirement. So a scheme conforming to minimum contracting out requirements would pay abysmally low pensions to widows of employees who die shortly after the scheme is improved. Freeing the pensions would allow schemes to pay a decent widows' pension irrespective of length of service.

The TUC has so far played the pensions question very coolly, but there are certain indications that at least substantial concessions can be expected

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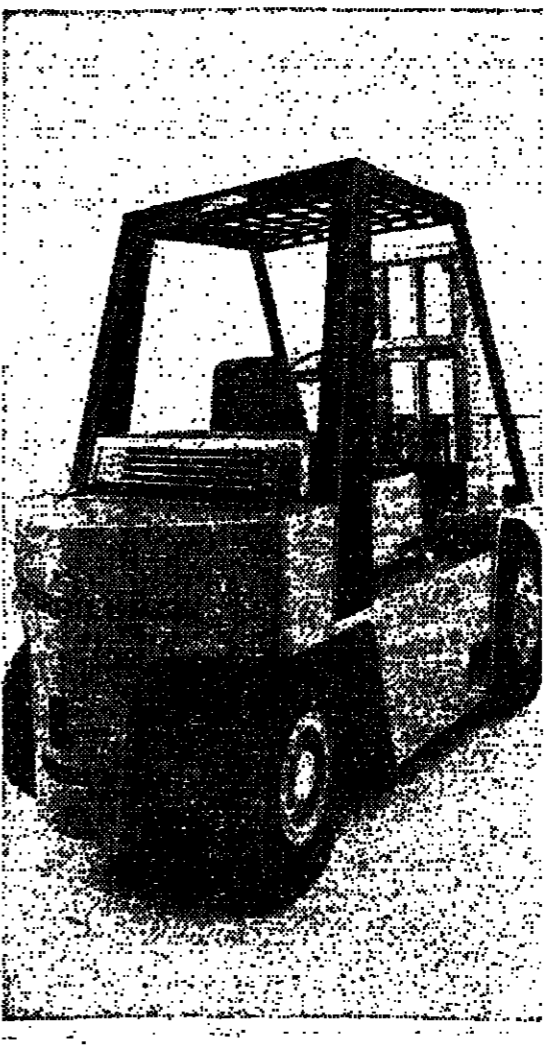
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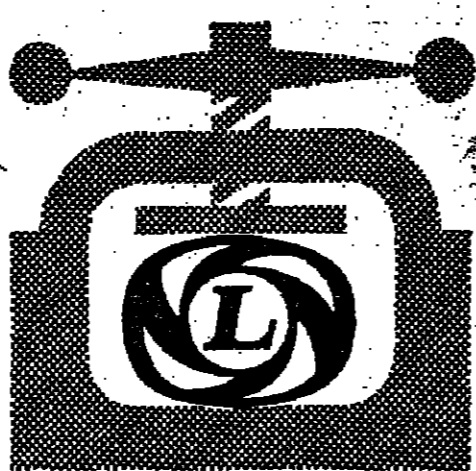
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The problem of Leyland

BY TERRY DODSWORTH and ALAN PIKE



Dividends and investment

THE SHARP RISE in the Beecham share price yesterday morning, a result of mistaken expectations about the implications of the company's new acquisition for the dividend, is yet another indication of the distortions which dividend control can cause in the stock market.

This second effect is particularly regrettable, since union insistence on dividend restraint as a quid pro quo for wage restraint had apparently been diminishing.

Overtones Ministers, like TUC leaders, probably regard dividend control as an issue which is relatively unimportant in itself but has strong emotional overtones.

Euro-Communists meet in Madrid

THE TWO-DAY Communist summit that starts in Madrid to-day is primarily directed at opinion inside Spain. By openly consorting with the leaders of the French and Italian Parties, the Spanish Party chief, is hoping for further evidence that his followers are not the revolutionary monsters they have so often been portrayed in the past.

Common front The timing of Sr. Carrillo's initiative is far from fortuitous. The still banned Spanish Party's application for legalisation is currently being processed by the Supreme Court, which, unless it decides it has no competence in the matter, must rule on whether the Communists fulfil the legal criteria for recognition.

THE LEYLAND workers have got to realise that they cannot have both their differentials and our money. This comment, made by a seasoned observer of the British motor industry, articulates a view which is gaining wider and wider currency as the present bout of troubles over Leyland wage differentials drags on.

It is because of this, and because the latest bout of trouble follows the well-publicised and much-criticised decision to go ahead with the £250m. investment in the new Mini, that an atmosphere of particular crisis now hangs over the company.

The first is how much longer Leyland can go on staggering from strike to strike with no prospect of a permanent solution to its industrial relations. It is not difficult to recall that the company has been precisely where it is now, struggling with an unofficial dispute while the long-term business of pursuing its investment targets runs into the quicksands, at least three times since the Government-backed rescue scheme was launched.

Market role This perhaps is the most worrying pointer to the future, especially when it is considered in relation to Mr. Hattersley's proposals for the use of price controls. The main long-term aim of those proposals, apart from the immediate object of forming part of the Phase Three package, seems to be to hold down the prices and therefore the profits of those companies which are not regarded as conforming with the Government's economic policies, among the most important of which is greater capital investment.

Both the questions which are being asked about Leyland today show how deep seated its problems have become. Similar questions were at the centre of the debate about the company's future two years ago, when the

Government stepped in to shore up its failing finances. Before that, they were a continual source of debate in the Government-aided reconstructed company which operated from 1968 to 1975. The group's endemic problems still remain.

Lord Ryder set out to break the vicious circle of problems by a combination of pouring money into Leyland's facilities in order to rationalise them, and setting up new machinery to reform industrial relations attitudes.

The two central planks around which this industrial reorganisation has been planned have been rationalisation of its present bargaining structure and development of worker participation.

There are more than 200 separate negotiating units in the company at the moment—the majority in Leyland Cars—all concluding agreements which have different termination dates. The real scope to complete the widespread restructuring of bargaining procedures which it is generally agreed is needed will not come until there is a far more flexible pay policy.

In a similar fashion, the weaknesses caused by Leyland's dispersed engineering resources, the proliferation of models and components, and its limited distribution network on the Continent still persist. But the most intransigent problems lie in the company's industrial relations, where the present toolmakers' strike reflects the familiar weakness of unofficial disputes and the defiance of procedure.

Leyland's defence against criticism about its progress so far is that all of these problems take time to solve. Indeed, Lord Ryder made this point very strongly in his report, where he pointed out that the three or four years required to introduce a new model imposed a relatively long time-scale on the

separate, company-wide pay negotiations. There has been praise from both management and union officials for the smooth way in which Leyland's worker participation scheme, which is headed by a national-level Car Council, has got off the ground.

These fears of isolation are one of the most worrying aspects of the present toolmakers' dispute. In essence, the Ryder participation proposals were designed specifically to reduce the feelings of alienation

Ryder's case is that the success of the investment programme depends on these productivity improvements. Indeed, a great deal of the resources for the improvement of the company's facilities must come from cash generated internally and dependent upon better productivity. In one of the most important chapters in the report, he writes: "One important area in which assumption have to be made is the contribution to be expected from the workforce in improving efficiency by agreeing to manning reductions and greater mobility and interchangeability of labour."

Table titled 'THE EUROPEAN CAR TOP 5 SHARES' listing Renault, Peugeot/Citroen, Ford, Fiat/Lancia, and VW/Audi/NSU with their respective market shares.

This urgent issue of internal cash generation now faces the company with some uncomfortable decisions. It has become quite clear over the last few weeks that the all-important cars group, accounting for well over 60 per cent. of the company's total business, has not been achieving any of its targets on this front.

Because of these failures, it is difficult to envisage the capital investment plan funded by the Government going forward on the precise lines drawn up by Lord Ryder. Mr. Gerald Kaufman, Minister of State at the Department of Industry, emphasised this point when he talked in the House of Commons this week of the company "bleeding to death."

MEN AND MATTERS

Israel's political flanker

General Ariel Sharon is perhaps best known for the brilliant flanking movement during the Yom Kippur war which took his Israeli army group across the Suez Canal, behind the Egyptian Third Army and at one stage to within 60 miles of Cairo.

Yesterday he was in London on his way back to Israel from New York to explain the nature and policies of a new political party called Shlomzion which he has formed with the intention of performing what looks suspiciously like a movement to outflank the existing Israeli political structure.

Sharon, called Arik by his friends, is a stocky sun-tanned man with silver hair and the kind of large, mobile eyes which give the impression of wrap-around vision. He retired from the army in 1973 and describes himself as a farmer, although in 1975 Prime Minister Yitzhak Rabin appointed him as his security adviser until he resigned last year in start up the Shlomzion translated in pursuit of peace party.

Pressures on Biffen

Few politicians can be accused of modesty. William John Biffen, however, has a mere five-and-a-half line entry in Who's Who (against 314 lines for Enoch Powell, who until he quit of Ulster pastures occupied similar Tory ground to Biffen) which leaves his business career poorly charted.

Biffen's surprise decision to resign as Opposition industry spokesman, dismaying to colleagues who have reckoned him a likely candidate for Chancellor one day, has been caused by the strains of political life at Shadow Cabinet level. Biffen is a complex man with a remarkable absence of personal ambition. He has expressed doubts

Giolitti's regional surprise

Europe's new regional policy commissioner Antonio Giolitti, who has been in London for the past two days talking over aspects of regional policy with the Government, the unions and other interested parties, yesterday described himself as surprised at what he termed the rather conservative and prudent approach to the subject here.

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Handwritten Arabic text at the bottom of the page.

JOE ROGALY

The DHSS and other mammoths



DHSS Central Office, Longbenton, Newcastle-upon-Tyne: 67 acres where 43m. personal accounts are kept and 280 people plan what their computers will do next. But computer technology is not yet advanced enough for the system they will need in 13 years' time...

DEPARTMENT of Health, Social Security is too complicated for the wit of man. Its elephantine size, the National Health Service, is enough to drive any man or woman wild.

I do not take my word for this. I go back to a report made months ago by the chair of three regional health authorities, after a specially commissioned inquiry into the workings of the DHSS methods of working after the NHS.

to the health service, they are, the complexity of their "steering" department was most totally baffling. Trying to make sense of it, they had for information of all the internal committees and "working parties" and received a reply that there was no word of any such thing.

An inquiry team's view, "The DHSS is a complex of committees and working parties, each with its own agenda, and no one knows what is going on."

but when the simple test of whether particular activities are really necessary is applied, the answer is clearly no. The DHSS is a complex of committees and working parties, each with its own agenda, and no one knows what is going on.

month-old report I quoted at the beginning of this article. The men from the DHSS, including the Permanent Secretary, Sir Patrick Naime, invited the three authors of the report to join their "Steering Group" and have managed, by the subtlety and persuasiveness of their arguments, the extraordinary feat of getting them to take a DHSS version of their recommendations as the wisest course: in some instances the power in Civil Service reason has apparently persuaded them that the DHSS way is best.

Some of these DHSS-blessed recommendations, like the setting up of certain new joint committees, are now being implemented. Others, such as the interchange of DHSS and NHS staff, and the delegation of more responsibility to the regions are still being tried out on the unions. Yet others are

to be the subject of a further report by the Steering Group. Secondly, there is a "Management Review," which has two committees all to itself—a "Steering Committee," chaired by Sir Patrick, and a management review team. The first includes Sir Derek Rayner of Marks and Spencer as its resident outsider; the second has a consultancy man seconded via the Civil Service Department.

This review, on which first talks began last October, will start detailed work on the very top management this month; the lower team expects to make its final report to the upper one in November. Recent arrivals from Mars may take heart from this procedure and tell themselves that by Christmas the DHSS will at last be organised in a rational manner. Even they may be hard to convince that any of it will lead to serious slimming down of the staff. Last year some civil servants conducted a whispering campaign against Dr. David Owen for his initiation of a process that is supposed to lead to cuts at the top: since then Mr. David Ennals has announced a cut of 10 per cent in the central administration of health services—which particular promise could mean just 180 fewer jobs in a 1.1m. empire, if the unions allow it and if "demanded growth" does not overtake it. Anyhow, it is all being summed in the notional 5,200 post cuts due for 1978-79, if the unions allow them and if...

This April, and if you add in Customs and Excise (16,600 ten years ago, around 30,000 now) and social security (70,000-plus), the point is quickly made clear.

I have to report that so far this inquiry has done little to raise hopes of a revival of tax credits. The overlap between takers-in and payers-out can be shown as a less good fit than supposed: taxpayers do not coincide with those on supplementary benefit; only the top third of pensioners pay tax (and only the bottom third collect pensions and benefits) and so on.

The present indications are that an attempt to devise a means of taxing short-term benefits, such as unemployment and sickness benefit, has been abandoned because of our old friend "administrative difficulty": the trouble seems to be that it would be very expensive for the Government to collect and would only really be a starter under the non-cumulative p.a.y.e. system that the Conservatives' tax credit proposals depended on. That would mean that at the end of the year more people would be out of step with their taxes; the end-year adjustments would be more labour intensive for everyone. This, at any rate, is the current thinking.

So what can be done? The Inland Revenue is gingerly moving back into computers; its fingers were burned when it started a big p.a.y.e. centre in East Kilbride. It found it a "qualified success" and saw the rest of that programme scrapped by the Tories in advance of tax credits. This time they will go very slowly, which is surely wise.

Beyond that, the Inland Revenue is gingerly moving back into computers; its fingers were burned when it started a big p.a.y.e. centre in East Kilbride. It found it a "qualified success" and saw the rest of that programme scrapped by the Tories in advance of tax credits. This time they will go very slowly, which is surely wise.

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Meanwhile, the DHSS will surely go on becoming more complicated. Much of the blame for this must be borne by politicians, but the civil servants benefit from complexity, and do advise them. Up in Newcastle (where the staff I met were helpful and friendly) they now have 280 people working on planning what their computers will do, 160 of them on far forward planning. The new tailor-made state pensions are infinitely more complicated in administer than the old ones, in which you just counted stamps by hand; they fear that computer technology is not yet advanced enough for the system they will need when it reaches its peak in about 13 years' time. Does the computer exist that can count the committees that will rest of that programme scrapped by the Tories in advance of tax credits. This time they will go very slowly, which is surely wise.

Letters to the Editor

Undervalued
en
m Mr. M. Green.
The structure, organisation and method of operating anese business is such that companies are directed inexorably towards the maximisation of sales. This fact is not appreciated with all its implications in Europe.
The major implication is that there is no way that an import in trade can be corrected. Trade agreements, quotas and tariffs—Japanese traders will set their strategies under a compulsive obsession with growth so that the problem ultimately shifted to another industry or sector and proceeds create new problems.
The major factor facilitating is undervaluation of the yen. The exchange rate because of the lack of internationalisation of the yen, is manipulated by the authorities and maintained at an undervalued level. This effect, naturally enough, is to encourage imports and encourage exports. It has a further effect in that the exchange rate level higher than would be the case if the exchange rates were more realistic and imports more easily entered the country.
The practical problems of existing to Japan might also be seen in the fact that the level of Japanese profit margins were higher. A high price level means that companies can make profits on domestic market with relative ease and can pursue their objective of sales growth in areas markets at prices which are not realistic.
It follows that the yen must be revalued, but the way to do this will not be possible in the case of Japan. It can only be done gradually and will only do so if the yen becomes more flexible to the effects of market forces. That is, it must become internationalised and this means that non-Japanese traders should be prepared to hold yen to allow invoices and trade payments to be denominated in yen.
This will not happen. The competitiveness would gradually be as market forces drive the yen up to more appropriate levels.
Neil J. Green,
208 of Homes Adyama,
Atsugi, Aoyama,
Nagasaki,
Japan.

Civil Service pay

From Mr. T. Laybourn.
Sir—I am sorry the secretary general of the Civil Service National Whitley Council should have descended to minor abuse, especially when writing (Feb. 25) in his official capacity. It is clear my letter has hurt him and it is well known that the truth often does.
I challenge the secretary general to name the four commercial firms that to his certain knowledge have instituted pension schemes which grant to their pensioners a built-in and enforceable right whereby their pensions will be increased on a basis equal to that enjoyed by civil servants under the Pensions (Increase) Act, 1971. Quite a number grant a 3 per cent or 5 per cent increase, the latter figure being the maximum which Inland Revenue allows to-day for funding in advance. If it would, to my mind, be a most imprudent Board of directors which accepted an unknown liability against which they could not in advance make provision.
I will pass over the rest of his statements but I will wholeheartedly agree with the last paragraph of his letter that the pay research unit should be restored but it is essential that the unit includes a number of members who have no direct connection with the civil service. In this connection, and to prove to the secretary general that I am not alone in the views that I hold, I am delighted to note that the well-known journalist Patrick Fisher has recently written two articles which wholly support my view regarding the pay research unit, so perhaps the secretary general will also be writing to him complaining of his "mish-mash".
T. A. E. Laybourn,
5 Heath Rise, Kenfeld Road,
Rushy Hill, S.W.15.

The CBI and the small firm

From Mr. C. Simeons.
Sir—No one doubts the deputy director general of the CBI (February 25) and his colleagues' willingness to try to represent small businesses, but by its very nature the CBI is seen to project big businesses.
The president's committee appears to include two members from national industry, two from City interests, and five from large and medium-sized companies. Also five chairmen of large firms. Against these 14, one place only goes to small firms.
And yet there are 800,000 small firms, of which I suspect that a handful only pay subscriptions to the CBI. Nor have I ever seen the negotiations with the Prime Minister ever carried out by someone from a small firm.
The problems of small firms are totally different from their larger brothers; difficulty in retaining profits to keep pace with inflation, disincentive to expand resulting from protective legislation, but worst of all keeping the business intact upon the death of a shareholder.
The CBI cannot possibly provide a small firm's image, nor can those whose working life has been spent with large firms express the problems of small firms with conviction, as Mr. Goodwin rightly indicated (February 12).
Charles Simeons,
21 Ludlow Avenue,
Luton, Beds.

To-day's Events

Treasury issues figures of U.K. official reserves for February.
National Economic Development Council meets. Main business expected to be discussion of second phase of Government's industrial strategy and consideration of paper by Mr. Peter Shore, Environment Secretary, on effect of public expenditure cuts on construction industry.
EEC Commission due to discuss contentious U.K. subsidy to pig producers and export subsidies for EEC butter, Brussels.
International Monetary Fund gold auction, Washington. In future, \$25,000 oz. will be auctioned at monthly intervals.
Talks continue in London on new Anglo-U.S. air agreement, address London School of Economics to become effective on June 23.
Mrs. Shirley Williams, Education Secretary, Mr. Len Murray, TUC general secretary, and Sir Frederick Catherwood, chairman, British Overseas Trade Board, speak at Polytechnics, Industry and Commerce conference, Purcell Room, S.E.1.
Conservative Party conference, "The Voice of Small Business," Caxton Hall, S.W.1. Speakers include Mr. Michael Heseltine MP, Opposition spokesman on environment, and Mr. David Howell MP, economic affairs secretary, Labour Party, addresses London School of Economics Labour Club.
CBI North West Regional Council and Smaller Firms Council meet.
Sir Robin Gillett, Lord Mayor of London, returns from Helsinki.
PARLIAMENTARY BUSINESS
House of Commons: Emergency debate on British Leyland, Coal Industry Bill, second reading. Returning Officers (Scotland) Bill, remaining stages.
House of Lords: Debates on research and development since Rothschild Report, and on Concorde.
Select Committee: Expenditure (Social Services and Employment sub-committee). Subject: Job-creation programme. Witnesses: TUC; Association of Principal Authorities (4.30 p.m., Room 15).
Nationalised Industries (sub-committee B). Subject: British Steel Corporation. Witnesses: Ford and Leyland (10.45 a.m., Room 8). Reports of Parliamentary Commissioner for Administration. Witness: The Commissioner (5 p.m., Room 7).
OFFICIAL STATISTICS
Capital issues and redemptions during February.
COMPANY MEETINGS
Fluvidge Engineering, Isleworth, 2.30. Nash (J. F.) Securities, Birmingham, 12. Union Discount, Great Eastern Hotel, E.C. 12.
THEATRE
"It's All Right if I Do," by Terence Frisby, opens at the Mermaid, 7 p.m.
BALLET
Royal Ballet dance Taming of the Shrew, Covent Garden, W.C.2, 7.30 p.m.

Equipment for NATO

From Major General R. Mans.
Sir—There is much in Mr. Patten's reply (February 25) to my letter on equipment for NATO with which I agree. I believe, however, that some of his contentions are open to discussion.
Interoperability is indeed an essential rung on the ladder of standardisation. This point was well made by David Bell in his summary (January 24) of the problems that have arisen in trying to get interchangeable guns and engines for the various tanks being developed in NATO. But interoperability does not overcome the difficulties created by having to keep a vast inventory of spares and ancillary equipment in a logistical system which under operational conditions, is attempting to supply differing national formations.
Having been in close contact with the British armaments industry in recent years I am well aware of the development cycle of equipment mentioned by Mr. Patten. In saying that past history makes it unlikely that any one NATO country will be in phase with other allies as regards replacement programmes he emphasises the very point that I and those who share my views are seeking to make, which is that the shackles of this development straitjacket can only be broken by Governments within the alliance taking far more decisive action than they have done in the past.
I was careful to suggest that the selection of equipment for NATO should be made irrespective of its country of origin. I do not think this can be interpreted as supporting "the other guy." I know from experience that much of our equipment is second to none, but in the harshly competitive arena of modern armaments it is not enough to assert and even to demonstrate that our products are among the best. We have to convince other countries that we can deliver the goods on time, together with all the essential spare parts, training aids and test equipment which form an integral part of the package. Often, sadly, our own declining military power does not exactly enhance our case. In this context one might call into question whether an early warning system based on British or U.S. aircraft can be truly effective unless we have sufficient high performance fighters and missiles to respond to it.
The United Kingdom is certainly capable of producing a wide range of excellent military equipment, but it would be unrealistic for any NATO partner to think that it has a monopoly of talent in this respect. The cost of modern weapons escalates continually. Surely it

Big fleas have little fleas...

From Mr. F. Stark.
Sir—I cannot remember having read a more smug, complacent and self-adoratory letter than that of Judy McKnight (February 26).
Like so many of her kind she is either unable to understand or unwilling to admit the simple economic fact that everything material (yes, everything) the bureaucrat gets from life is provided for by the private sector of the community and that the more bureaucrats we have the lower will be the living standards of the rest of us.
The fervour and persistence with which bureaucrats defend their position indicates that they are well aware of what a good thing they are on to.
F. Stark,
Hippolands,
176 Southend Road,
Wickford, Essex.

Pensions and savings

From The Chairman, The Association of Independent Businesses.
Sir—When Mr. Robert Hardy (February 24) argues that investment in a pension fund post

Striking order

From The Managing Director, Owen Mumford Plastics Division.
Sir—We are glad to hear that despite British Leyland's problems it is still pressing ahead. We have just received an order asking for 1,000 "strikers" to be supplied in each week in March with forward planning asking for similar quantity in succeeding months. While we thought there might be a sufficient quantity on site already we will, as always, do our best to fill their orders.
David Crossman,
Brook Hill, Woodstock, Oxford.

The GLC as an estate agent

From Mr. B. Cassidy.
Sir—Richard Balfe (February 25) set out at some length a rebuttal of Joe Rogaly's criticisms of Labour's proposal to set up a municipal estate agency. Far be it from me to say the interests of the breads-of-estate agents which is already in London. It is rather missing the point. London is not short of the agencies, it is short of accommodation, no matter slick and efficient the estate agency is, it cannot provide accommodation for where none exists.
Our made a great deal of at the last GLC election the waiting list of 500,000 at County Hall. Now at end of four years of Labour rule, that figure of 500,000 has risen to something like 700,000 and in addition we have the explosion of the squatting phenomenon.
In any case, the GLC's record in its existing fields of activity

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This announcement is not an offer of securities for sale or a solicitation of an offer to buy securities.

New Issues February 25, 1977

\$150,000,000

Nippon Telegraph & Telephone Public Corporation

\$100,000,000 7½% Guaranteed Notes Due March 1, 1982

\$50,000,000 8½% Guaranteed Bonds Due March 1, 1987

Unconditionally Guaranteed as to Payment of Principal and Interest by

Japan

Dillon, Read & Co. Inc.

The First Boston Corporation

Smith Barney, Harris Upham & Co. Incorporated

The Nikko Securities Co. International, Inc.

Goldman, Sachs & Co. Kuhn Loeb & Co. Merrill Lynch, Pierce, Fenner & Smith Incorporated

Salomon Brothers Bache Halsey Stuart Inc. Blyth Eastman Dillon & Co. Incorporated

Daiwa Securities America Inc. Donaldson, Lufkin & Jenrette Securities Corporation Drexel Burnham & Co. Incorporated

Hornblower & Weeks-Hemphill, Noyes E. F. Hutton & Company Inc. Incorporated

Kidder, Peabody & Co. Lazard Frères & Co. Lehman Brothers Incorporated

Loeb Rhoades & Co. Inc. Nomura Securities International, Inc. Incorporated

Paine, Webber, Jackson & Curtis Reynolds Securities Inc. UBS-DB Corporation Incorporated

Warburg Paribas Becker Inc. Wertheim & Co., Inc. White, Weld & Co. Incorporated

Dean Witter & Co. Yamaichi International (America), Inc. Incorporated

ABD Securities Corporation Basle Securities Corporation

EuroPartners Securities Corporation Robert Fleming Kleinwort, Benson Incorporated

New Court Securities Corporation Scandinavian Securities Corporation

SoGen-Swiss International Corporation Cazenove Incorporated

COMPANY NEWS + COMMENT

Record £24m. from BTR and £12m. rights

A 51 PER CENT. jump in taxable profit to a record £24m. is announced by general rubber manufacturers, BTR, for the year ended January 1, 1977, after a rise from £8.3m. to £8.6m. at halfway. And the directors intend to raise some £12m. by a rights issue.

The improvements at year-end were in the main well spread geographically and by product, thereby, say the directors, roundly reinforcing the base for further growth.

The value of new orders in the opening months of 1977 has been generally at promising levels and there are many opportunities for continuing progress in the future, especially in a recovering world economy, they add.

The directors believe that there is continuing growth potential within the scope of the group's existing operations as expanded by recent acquisitions.

There are a number of further opportunities for expansion by new investment in industrial growth areas and, therefore, they propose to raise more money—this will further increase the equity capital base and enable the group to take advantage of the opportunities for further growth.

They say that overall group performance in the period since the last rights issue in August, 1975, has fully justified their confidence in the further opportunities for profitable expansion available to it at the time.

The issue has been underwritten by Hill Samuel and Co. A total of 8.9m. shares will be offered on a 1-for-3 basis at 140p per share payable in full on acceptance and will rank for dividend payments in the current year. The brokers are Cazenove and Co.

The net final dividend is 3.25p and the total 6.5p absorbing £2.86m. (£3.90m) adjusting for the one-for-ten scrip. Stated earnings adjusted for new issues, are up from 16.5p to 23.9p.

For the current year they intend to recommend a total of 9.1p on increased capital—Treasury has given its consent.

At year-end net current assets stood at £27m. (same).

U.K. sales 1976 £20.5m. Overseas 136.6m. Total sales 157.1m. Profit before tax 22.2m. Tax 11.4m. Earnings 10.8m. Extraordinary items 11.1m. Includes £2.8m. attributable to 5.2m. Industries Inc. and Lonsdorf A.G. after applying national interest. Includes revaluation costs and goodwill discontinued in 1976, and £0.6m. losses incurred on foreign currency loans repaid during the year.

See Lex

THE NEW THROGMORTON TRUST LTD.
Capital Loan Stock Valuation—1st March, 1977
The Net Asset Value per £1 of Capital Loan Stock is Nil.
Securities valued at middle market prices.

INDEX TO COMPANY HIGHLIGHTS

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Associated Paper	19	2	Lonrho	18	3
Bland Payne	20	8	Lookers	19	3
British Land	20	7	Lowe & Brydone	19	1
BTR	18	1	National Westminster	19	3
Cable Trust	19	7	Pleasurama	18	5
Cardinal Investment	20	2	Rentokil Group	18	2
City & Commercial	19	4	Royal Insurance	18	7
Crouch (Derek)	18	4	Scottish United Invs.	20	1
Davies & Metcalfe	19	4	Stocklake Holdings	18	6
Diploma Investments	18	5	Unilever	19	1
Dobson Park	18	4	Wallis (F. J.)	18	3
Edinburgh American	20	3	Whittingham (Wm.)	20	7

Rentokil 16.8% up at £7.16m.

BOOSTED BY overseas profits Rentokil achieved a 16.8 per cent. increase in pre-tax profits from £8.13m. to £7.16m. in 1976, on turnover 18.6 per cent. higher. U.K. profits rose by 3.3 per cent. but overseas the improvement was 40.5 per cent.—about a quarter of which was due to alterations in exchange rates.

Earnings per 10p share are shown to have risen from 4.97p to 5.6p and the final dividend is 1.3p net for a 2.147p (1.7897p) net. In addition the directors propose to capitalize reserves by means of a one-for-two scrip issue. New shares will not rank for the final dividend payment.

	1976	1975
Turnover	18,600	15,900
U.K. home	48,200	38,470
U.K. abroad	22,900	28,600
Overseas companies	22,100	17,890
U.K. companies	7,000	6,530
Overseas companies	2,100	2,220
U.K. tax	1,130	2,240
Overseas tax	1,200	800
Net profit	3,220	3,100
Extremities	1,150	900
Available	4,370	4,000
Dividends	1,330	1,120
Retained	3,040	2,880

Extraordinary credits of £1.13m. (£0.96m.) comprise net exchange differences of £1.03m. (£0.23m.) arising on the translation into sterling of net assets overseas and a surplus over book value of £100,000 (£728,000) on the sale of quoted investments.

The company, which specialises in timber preservation, pest control, damp proofing, thermal insulation and industrial hygiene, is a subsidiary of Sophus Berendsen of Denmark. It has "close" status.

Statement Page 20

comment
A 40 per cent. jump in the overseas contribution has lifted Rentokil's full-year profits 17 per cent. higher pre-tax, despite a virtually

statis performance in the U.K. The pest control and hygiene operations are still pushing ahead in the home market, but building services remain a drag on U.K. profits. In the overseas markets, where the group is almost entirely involved in pest control and hygiene services, the weakness of the pound sharpened its competitive edge in most areas, though the recent devaluation of the Australian dollar apparently trimmed around £100,000 from profits here in the second half. The group's record is certainly a good one since 1968. It has achieved a compound growth rate of around 21 per cent. and the chances of this progress continuing look good. But the main restriction on the shares is probably the fact that the yield, despite a near 20 per cent. hike in the dividend last year, is still only 3.3 per cent. at 63p, about 1 point below the industrial group average, against a p/e of 11. Sophus Berendsen of Denmark holds 54.9 per cent. of the equity.

Derek Crouch expands

WITH A second half profit of £1,055,000, almost matching the group's full-time figure of £1,134,000, Derek Crouch (Contractors) ended 1976 with profits up 263.5m. ahead at £25m. Sales were 28.5m. ahead at £25m. After tax of £212,000 (£234,000), the company, which is active in open-cast mining, earth moving, civil engineering and building construction showed a net profit of £1,005,000 (£900,000).

comment
The improvement in profits from open-cast mining, seen to be continuing at Derek Crouch. In the second half, pre-tax profits went above £1m. and, although that is only 14 per cent. above 1975, the earlier year included £130,000 of exceptional profit. Prospects on the open-cast side still look good, with the NCB intending to increase production from 10.2m. tons in 1975-76 to at least 15m. tons. But the dependence on the building side of the authority work is less auspicious. The shares at 53p yield 10.3 per cent. covered 2.9 times.

F. J. Wallis second half expansion

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Allen Harvey & Ross

AFTER making provision for rebate and tax, and a £250,000 transfer to reserve for contingencies, Allen Harvey and Ross reports a fall in profits from £714,573 to £695,668 for the year to February 5, 1977. The dividend total per £1 share is lifted from 25p to 27.5p with a final payment of 20.5p net. The annual dividend is £319,706 (£228,697). Net assets at February 5 were £4.05m. (£3,94m.).

The debit balance on tax equalisation account has been reduced from £17,019 to £246,977.

Dobson Park switches German interests

The chairman of Dobson Park Industries, Mr. C. F. Wainwright, told the annual AGM yesterday of proposed changes in the group's investment in the West German mining industry.

First, Dobson Park will subject to formal Bank of England permission, acquire in the form of a subscription for new capital a 74.9 per cent. interest in Schopf Maschinenbau GmbH, for DM3m. cash. Schopf, which is based in Stuttgart, is a leading manufacturer of loaders and dumpers for underground mining, aircraft towing tractors and surface shovel loaders for international markets.

Dobson Park will also acquire, subject to the corresponding Bank of England permission, just over 25 per cent. of the equity of Becker-Prunte GmbH in exchange for its 50 per cent. holding in Becorit Grubenbau, which will become a 50 per cent. owned subsidiary of Becker-Prunte.

This rearrangement is not anticipated materially to affect Dobson Park's investment in Germany, but will enable the group to participate in a wider spread of products and markets, with considerable growth potential. Becker-Prunte is one of the leading European manufacturers of chains for mining and industrial applications and Becorit makes roof support systems and auxiliary transport systems for the mining industries.

Dobson Park has held 50 per cent. of the equity of Becorit since 1966, and Becker-Prunte has owned 28 per cent. of Becorit since 1972. As part of the transaction, the 23 per cent. of the equity owned by Dobson Park in the smaller company at Castrop-Rauxel, namely

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allen Harvey & Ross	20.5	April 29	18	27.5	20.5
BTR	2.25	May 19	2.05	4.3	3.91
City & Commercial	0.72	Mar. 31	0.63	1.35	1.41
Derek Crouch	24.9	Apr. 19	2.27	3.38	3.21
Davies & Metcalfe	1.85	Apr. 19	1.6	1.18	1.0
First Scottish Amren.	1.85	Apr. 11	1.5	2.3	2.3
Kamunting Ltd.	2.5	Apr. 22	2	7	7
Lunvra (Ceylon)	5.38	—	3.25	3.58	3.25
National Westminster	5.57	Apr. 5	4.28	10.28	8.55
Rentokil	1.3	—	1.02	2.15	1.79
Royal Insurance	8.9	Apr. 22	8.09	14.78	13.99
Southern Kinta	0.2	May 20	0.15	0.75	0.75
Stocklake	0.73	Apr. 5	0.63	1.24	1.37
Unilever Ltd.	0.73	—	0.36	7.85	7.85
Wallis (F. J.)	1.85	May 23	1.72	3.36	3.14
Whittingham (Wm.)	0.38	Apr. 1	0.62	1.14	1.04

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Diploma Inv. tops £1.8m. halftime

AN ADVANCE from £1.02m. to £1.81m. in pre-tax profit is reported by Diploma Investments in the half-year ended December 31, 1976, and the directors say that the group continues to prosper in the opening weeks of the second half.

Earnings per 25p share are up from 4.87p to 7.49p basic and from 4.32p to 7.42p fully diluted. The net interim dividend is raised from 0.751p to 1.122p, in a gross basis this is 1.741p and the directors forecast a gross total up from 4.75p to 5.224p assuming the dividend restraint remains unchanged. The net total for 1976 was 3.0875p paid from profits of £2.31m.

comment
Diploma's electronic distribution side can take most of the credit for the 75 per cent. surge in first-half profits. Stripping out the now defunct property side's sales from the previous year reveals a turnover increase of almost two-fifths. The group has been developing its distribution side over the last three years and the RCA Texas Instruments and National franchises acquired at various times during that period are now all paying off in a big way. The more recently acquired Hewlett, Packard, Motorola and Mullard franchises will make little impression on current year profits but are expected to make a real impact next year. The distribution side is still going well in the second half and, with the specialist steel and Blackfins office equipment interests now established on the recovery trend, the group should have little difficulty in at least doubling its first-half profits. This leaves the shares at 63p supported by a strong balance sheet—net cash is still well over £1m.—looking very healthy on a prospective p/e of only 5.1 although the maximum yield of 6.9 per cent. could restrict any significant rise.

Pleasurama off to good start

LORD HARMAR-NICHOLLS, chairman of Pleasurama expresses optimism in the future and reports that the company has made a good start to the current year. Profits for the first three months give encouragement for the remainder of 1977, he adds.

As reported on January 28 pre-tax profit for the years to December 30, 1976 expanded from £701,748 to £863,504 and the dividend per 5p share is stepped up from 1.65p to 1.815p net.

The balance sheet shows that there has been a significant reduction in the group's overall borrowings and since the end of the year that situation has further improved. The company is working well within its bank facility limits which now include a five-year loan of £250,000. The reduced borrowings provide a greater degree of financial flexibility which will enable the directors to develop their expansion policy and take advantage of opportunities more easily as and when they arise.

Since the end of the year the company has agreed to acquire another casino in Manchester. The directors believe that after refurbishment and certain alterations this will be a worthwhile investment and a business which fits in well with the existing management structure.

Indications are that the future will see the leisure business both in the U.K. and overseas expanding and the company well placed

Allen Harvey & Ross

AFTER making provision for rebate and tax, and a £250,000 transfer to reserve for contingencies, Allen Harvey and Ross reports a fall in profits from £714,573 to £695,668 for the year to February 5, 1977. The dividend total per £1 share is lifted from 25p to 27.5p with a final payment of 20.5p net. The annual dividend is £319,706 (£228,697). Net assets at February 5 were £4.05m. (£3,94m.).

The debit balance on tax equalisation account has been reduced from £17,019 to £246,977.

Dobson Park switches German interests

The chairman of Dobson Park Industries, Mr. C. F. Wainwright, told the annual AGM yesterday of proposed changes in the group's investment in the West German mining industry.

First, Dobson Park will subject to formal Bank of England permission, acquire in the form of a subscription for new capital a 74.9 per cent. interest in Schopf Maschinenbau GmbH, for DM3m. cash. Schopf, which is based in Stuttgart, is a leading manufacturer of loaders and dumpers for underground mining, aircraft towing tractors and surface shovel loaders for international markets.

Royal Insurance upsurge to £78m.

TAXABLE profit of Royal Insurance Company more than doubled from £32.7m. to £78.4m. in 1976. Premiums written were well up at £1,091.9m. (£739.9m.) and the underwriting loss was cut from £32.4m. to £17.7m. and investment income rose from £62.5m. to £92.4m.

The directors point out that the effect of depreciation of sterling adversely affected the underwriting result by almost £4m. and benefited investment income by some £11.75m. After adjusting for a full year's benefit of the money raised by the rights issue, investment income showed a real growth of 20 per cent.

After tax and minorities, profit was £50.4m. (£21.1m.) or 35.6p per 25p share (15.9p). The net final dividend is 8.596p and the total 14.726p, the maximum allowed compared with 13.387p.

In the U.S. there was a substantial reduction in underwriting loss in dollar terms, as evidenced by the operating ratio which came down from 107.1 to 103.4. In sterling the cost fell from £24.2m. to £18.1m. The depreciation in sterling masks the underlying degree of improvement which was present in all major lines with the exception of workers compensation which had an increase in claims frequency and for which rate levels in some states were inadequate, the directors state.

In Canada an underwriting loss in the last three months was largely accounted for by the extreme weather conditions in December. Overall for the year there was a reduction in the underwriting loss to £2.2m. (£5m.) due to better experience in the automobile and commercial property lines.

	1976	1975
Premiums written	1,091.9	739.9
Underwriting loss	17.7	32.4
Investment income	92.4	62.5
Profit before tax	78.4	32.7
Taxation	28.0	15.3
Minority interests	0.4	0.4
Net profit	50.4	21.1
Dividends	15.9	15.9
Retained	34.5	5.2

comment
In the U.K. there was a small underwriting loss of £0.1m. As previously reported, the householders account was in substantial deficit due to £5m. of losses arising from the January 1976 storms and some £7.5m. of subsidence claims caused by the drought conditions during the year. The motor account made a modest profit, but a further increase in premium rates in 1977 was inevitable.

In Australia the recovery which started in 1975 continued and led to a return to profitability for 1976 with £2.4m. (loss £4.3m.). There was a further deterioration in the experience in the Netherlands due to controls on premium rates where the result more than accounted for the total underwriting loss in Europe. In

Yearlings at 11 1/2%

This week's local authority placings include one-year, 18 months, two-year and five-year bonds. The coupon on the yearlings bond is 4 of point lower this week at 11 1/2 per cent. The bonds are issued at par and are due on March 8, 1978.

The issues are: — Cleveland County Council (£1m.), Bolsover District Council (£2.5m.), City of Norwich (£1m.), Ogwr District Council (£0.15m.), Clydebank District Council (£1m.), Sedgfield District Council (£1m.), Eastington District Council (£1m.), Easton District Council (£0.5m.), Chorley Borough Council (£1m.), Borough of Bournemouth (£1m.), Braintree District Council (£1m.), City of Cardiff (£2m.), Monklands District Council (£1m.), Wotton-under-Edge District Council (£1m.), City of York (£1m.), West Midlands Metropolitan County Council

(£1m.), Oldham Metropolitan Borough Council (£1m.), Regional Council (£1m.), Ham-Borough Council (£1m.), Hertfordshire County Council (£1m.), London Borough of Hamlets (£1m.), London Borough of Wandsworth (£1m.), Leeds (£2m.), Merbury Borough Council (£1m.), Norfolk District Council (£1m.) and Lincolnshire County Council (£1m.).

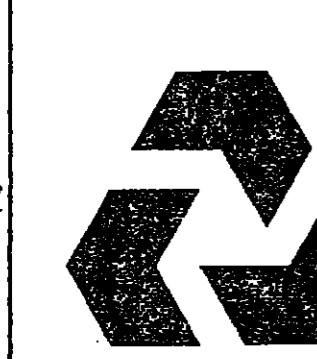
Hereford City Council raised £1m. by the issue of 12 per cent. Bonds due Sept. 6, 1978. Two-year bonds with a coupon of 12 1/2 per cent. have been issued by City of Council (£1m.), Borough of Bournemouth (£1m.), Braintree District Council (£1m.), City of Cardiff (£2m.), Monklands District Council (£1m.), Wotton-under-Edge District Council (£1m.), City of York (£1m.), West Midlands Metropolitan County Council

£207,000,000 generated from overseas by our UK Companies in 1976

Group profit £15.2m (up from £8.6m)
Group premium income £416m (up from £274m)

Bland Payne Holdings Limited

International Insurance and Reinsurance Brokers
Sackville House, 143/152 Fenchurch Street, London EC3M 6BN, 01-623 8080



National Westminster Bank

GROUP RESULTS FOR 1976

Profits for 1976 recover strongly

AFTER MEETING: —all staff costs including a share of the profit
—interest on deposits
—the cost of maintaining equipment and premises

WE HAVE EARNED: £188 million

Out of this we provide:

Taxation £100 million
Dividends £22 million

AND WE KEEP IN THE BUSINESS: £63 million

This goes towards: —maintaining adequate capital resources for the protection of depositors
—further expansion of our world-wide business, particularly assisting British industry and exporters.

Continued growth of our business at home and abroad will help to provide increased earnings, job opportunities and valuable foreign currency. Achieving this requires a high level of profit to be kept in the business: this is in Britain's interest and remains our aim.

COUNTER-INFLATION ACT 1973

The Treasury have given consent to the declaration by the following companies of dividends of the total amounts specified for the financial years ending on the specified dates:

Associated Fisheries Ltd.	London SW1	£377,991	30.9.76
Whittings Ltd.	London EC4	£23,077	30.9.76
Crest Nicholson Ltd.	Ashford	£489,968	31.10.76
G Dew & Co. Ltd.	Oldham	£312,991	31.10.76
Wandee & Philip Ltd.	Dundee	£279,022	29.10.76
Bernard Wardle & Co. Ltd.	Knutsford	£313,723	28.11.76
Trust Houses Forte Ltd.	London SW1	£11,369,200	31.10.76
Lloyds Bank Ltd.	London EC3	£20,786,112	31.12.76
Lonrho Ltd.	London EC2	£11,543,741	30.9.76
Herbert Morris Ltd.	Loughborough	£510,240	31.10.76

Published by the Treasury as required by the above Act

See Lex

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Unilever surges to £605m NatWest recovers with 80% jump to £187.8m

BOARD MEETINGS

Unilever reported a very good year in 1976, combined external sales of £605.7m, compared with £542.2m in 1975. Unilever Ltd. and NV rose by 19 per cent to £144.1m, representing a 98 per cent increase in the fourth quarter of 1976 and the pre-tax profit rose 11 per cent to £187.8m. This takes the total earnings per share up from the full-year up to 38.2p to 55.5p.

Ltd and NV are proposing final dividends of 11.75p and 15.51p respectively, bringing the total dividend up from 12.67p to 19.24p, an increase of 51 per cent on the previous year.

The directors explain that because of the fall since last year in the sterling/guilder exchange rate, Ltd will be obliged under the Equidivision Agreement to increase its total dividend for 1976 by an amount which exceeds the statutory limit currently in force for UK companies.

As before, the Treasury has agreed to such declarations subject to the condition that the total amount paid for 1976 is kept within the limit and payment of the balance is postponed.

In addition, there was a proposed increase in the dividend of Ltd, payable by instalments. The first instalment of 7.01p per share would be paid on May 22, 1977. This would bring Ltd's payments for 1976 up to 11.19p per share which is within the limit. The balance of the final dividend together with the deferred balance of earlier dividends would amount in total to 17.53p per share, which would be paid when circumstances permit.

NatWest reported a recovery in 1976, with profits of £187.8m, an 80% jump on the £104.4m of 1975. The bank's assets rose to £1,878.8m, compared with £1,044.4m in 1975. The bank's earnings per share rose to 25p, compared with 14p in 1975.

The chairman, Sir John Pridoux, said that the bank's recovery was due to a combination of factors, including a reduction in the cost of funds, an increase in the volume of business, and a reduction in the level of provisions.

The bank's assets rose to £1,878.8m, compared with £1,044.4m in 1975. The bank's earnings per share rose to 25p, compared with 14p in 1975.

Low & Brydone reported a first-half loss of £54,433, compared with a profit of £100,000 in the first half of 1976. The company's assets rose to £1,111,000, compared with £1,000,000 in 1976.

The chairman, Mr. R. E. Tongue, said that the company's first-half loss was due to a combination of factors, including a reduction in the volume of business, an increase in the level of provisions, and a reduction in the level of sales.

First Scottish American reported a recovery in 1976, with profits of £187.8m, an 80% jump on the £104.4m of 1975. The company's assets rose to £1,878.8m, compared with £1,044.4m in 1975.

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Assoc. Paper reported a recovery in 1976, with profits of £187.8m, an 80% jump on the £104.4m of 1975. The company's assets rose to £1,878.8m, compared with £1,044.4m in 1975.

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Cable Trust reported a recovery in 1976, with profits of £187.8m, an 80% jump on the £104.4m of 1975. The company's assets rose to £1,878.8m, compared with £1,044.4m in 1975.

The chairman, Mr. R. E. Tongue, said that the company's recovery was due to a combination of factors, including a reduction in the cost of funds, an increase in the volume of business, and a reduction in the level of provisions.

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Record £0.22m from Davies & Metcalfe

Mechanical and electrical engineers, Davies & Metcalfe, reported a record profit of £0.22m in 1976, compared with £0.15m in 1975. The company's assets rose to £1,878.8m, compared with £1,044.4m in 1975.

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MONEY MARKET

Interest rates easier

Bank of England Minimum Lending Rate 12 per cent. (since February 2, 1977)

Short-term fixed period interest rates continued to ease in the London money market yesterday, amid speculation of a possible cut in Bank of England Minimum Lending Rate this week.

Discount houses paid around 10-11 per cent. for secured call loans in the early part, and closing balances were taken at 10-11 per cent.

In the interbank market overnight loans opened at 11-11 1/2 per cent., touched a high point of 12 per cent., but closed at 10-11 per cent.

Rates in the table below are nominal in some cases.

Mar. 1 1977	Steering Certificate of deposit	Interbank	Local Authority deposit	Local Authority negotiable bonds	Finance House Deposit	Company Deposits	Discount market deposits	Treasury bills	Miscellaneous Bank Bills	Foreign Trade Bills
Overnight	10-12	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11-12	11-12	11-12	11-12
7 days notice	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11-12	11-12	11-12	11-12
14 days notice	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11-12	11-12	11-12	11-12
One month	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11-12	11-12	11-12	11-12
Three months	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11-12	11-12	11-12	11-12
Six months	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11-12	11-12	11-12	11-12
One year	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11-12	11-12	11-12	11-12

Local authority and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage rates nominally three years (12-12 1/2 per cent.), four years (12-12 1/2 per cent.), five years (12-12 1/2 per cent.), six years (12-12 1/2 per cent.), seven years (12-12 1/2 per cent.), eight years (12-12 1/2 per cent.), nine years (12-12 1/2 per cent.), ten years (12-12 1/2 per cent.).

Approximate selling rate for one-month Treasury bills 10 1/2-10 3/4 per cent.; two-month 10 1/2 per cent.; and three-month 10 1/2 per cent. Approximate selling rate for one-month bank bills 11-11 1/2 per cent.; two-month 11-11 1/2 per cent.; and three-month 11-11 1/2 per cent.

Finance House Rates (published by the Finance Houses Association) 15 per cent. from March 1, 1977. Clearing Bank Deposit Rates for small sums of seven days' notice 5 per cent. Clearing Bank Base Rates for lendings 15 per cent. Treasury bill average under rates of discount 10.768 per cent.

Scottish United Investors

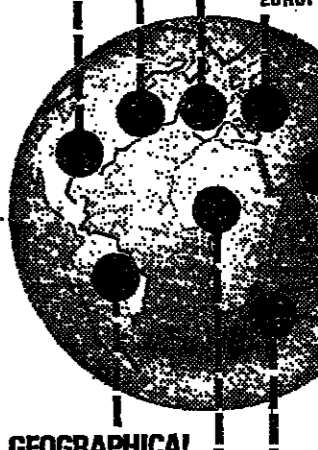
Benefits from Dollar Holdings

The investment portfolio retains a consistent pattern—increased in Far East reflects the year end strength of the Tokyo market despite the withdrawal of £1m for UK reinvestment during the year.

Position in USA benefited from the favourable sterling conversion of dollar investments and from useful increases in earnings and dividends from holdings of long standing.

The UK portfolio reflects the comparatively strong performance of the oil sector, notably the holdings in London and Scottish Marine Oil and Scottish Canadian Oil and Transportation.

Having regard to the company's very strong asset position the Board recommends an increased total ordinary dividend of 1.70p at a cost of £1,205,949. Robert C. Smith, Chairman



GEOGRAPHICAL DISTRIBUTION OF INVESTMENTS

- UNITED STATES 33.0%
- CANADA 6.3%
- UNITED KINGDOM 28.5%
- EUROPE 3.5%
- JAPAN 13.5%
- ASIA 6.3%
- AUSTRALIA 5.0%
- BRAZIL 1.0%
- AFRICA 3.7%
- EQUITIES 98.3% FIXED INTEREST 1.7%

	1976	1975
Total assets	£87,852,039	£82,516,747
Net assets	77,234,465	65,946,663
Net asset value	106p	90p
Gross revenue	3,560,729	3,077,123
Net revenue	1,155,879	1,133,868
Dividend	1.70p	1.55p

SCOTTISH UNITED INVESTORS LIMITED, 37 RENFIELD STREET, GLASGOW, G2 1JU


The last five years have been uphill all the way

But it's been worth it. Every year for the last five years, our pre-tax profits, earnings and sales have achieved new records. Since 1971, our sales have increased by nearly 325%, our earnings by nearly 500% and our pre-tax profits by nearly 600%.

These figures haven't just happened—they're the proof of our positive corporate philosophy. Accountability decentralized; international expansion; diversification; eliminating unnecessary risk and maximizing opportunities. It's been a successful formula judging by our record.

We'll probably find the next five years uphill going too. But we don't mind. To us it's success.

BTR Limited, Silvertown House, Vincent Square, London SW1. Tel: 01-834 3848.



The Cardinal Investment Trust Limited

Extracts from the Report and Accounts and the Statement of the Chairman, Mr. R. H. Wethered.

	1976	1975
Total revenue	£986,640	£882,605
Revenue before taxation	£612,157	£557,366
Dividends on deferred capital	3.30p	3.00p
Balance to revenue reserve	£23,749	£23,633
Valuation of investments	£16,303,680	£16,040,014
Invested in equities	92.89%	89.82%
Invested in Great Britain (excluding freehold property)	51.99%	58.10%
Invested in overseas companies	48.01%	41.90%
Net asset value per share	122p	119.50p
Net asset value of £100 of convertible loan stock	£98.66	£96.59

Dividends: An increased final dividend of 2.13p per share is recommended making a total of 3.30p for the year against 3.00p (as adjusted in respect of the one for two capitalisation issue in August 1976) for 1975.

Assets: The net asset value of the deferred shares increased by 2.09% against a fall of 3.87% in the F.T.-Acurities All-Share Index. Despite this, the discount on assets, as judged by the market price of the shares, rose from 27% to 40%.

North Sea Investments: A sum approaching £1,000,000 is at present invested in non-income producing equities largely connected with the North Sea and particularly the Ninian Field.

The Foreign and Colonial Investment Trust Co. Ltd.
General Investors and Trustees Ltd.
The Cardinal Investment Trust Ltd.
Alliance Investment Co. Ltd.
Foreign and National Investment Fund

MINING NEWS

Thiess contests sale of Peabody unit

BY PAUL CHEESRIGHT

THE AUSTRALIAN coal mining and engineering group, Thiess Holdings, has started legal proceedings in the Supreme Court of Queensland in support of its claim that it had the right of first refusal on the sale of the Australian assets of Peabody Coal.

S.A. MANGANESE

The latest profit figures from South African Manganese Amcor continue the buoyant trend which has been broken for many years, carrying the 1976 pre-tax profit up from R60m. to R94m.

AMCOR PROFITS

The latest profit figures from South African Manganese Amcor continue the buoyant trend which has been broken for many years, carrying the 1976 pre-tax profit up from R60m. to R94m.

ROUND-UP

An interim dividend of 2.5p net has been declared by Kamunting Tin. This is the first payment for the current financial year.

SABINA KEEPS ON EXPLORING

The Canadian exploration company, Sabina Industries, expects expenditure on its properties this year to be maintained at last year's level.

Investment policy at Scottish United

THE DIRECTORS of Scottish United Investments have not yet decided that they would convince them of the wisdom of abandoning the general lines of investment policy which have served the company well.

Edinburgh American Trust

Some of the trends which provided great benefits to Edinburgh American Assets Trust in 1976 may be reversed for temporary periods in the current year.

Cardinal looks to North Sea

Cardinal Investment Trust has at present a sum approaching £1m. invested in non-income producing equities largely connected with the North Sea and particularly with the Ninian Field.

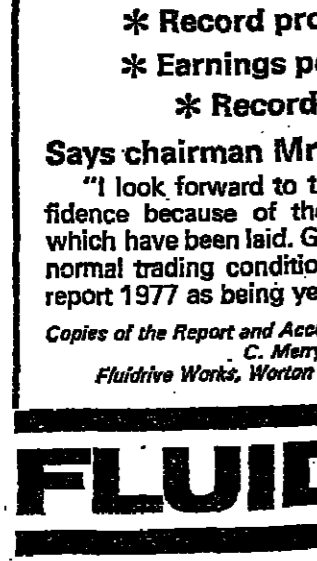
Fluidrive Engineering

Manufacturers of fluid couplings "Another chapter in the success story" * Turnover up 28% * Record profit of £787,000 * Earnings per share up 92% * Record order book

SAYS CHAIRMAN MR D L DONNE

"I look forward to the current year with confidence because of the foundations for growth which have been laid. Given anything approaching normal trading conditions, I expect to be able to report 1977 as being yet another record year."

FLUIDRIVE



BIDS AND DEALS

Morris rejects Babcock's new 146p offer

The directors of Herbert Morris have rejected the latest bid of £2.5m. from Babcock and Wilcox, describing it as "desirable both in relation to earnings and asset value."

Owen Owen buys near 30% of Elys

The acquisition of a near-30 per cent stake of £38,500 shares in Elys (Wimbledon), the stores company, by Owen Owen the Liverpool-based department store group, was disclosed yesterday.

Estates House £4.36m. sale

Estates House Investment Trust's holding of 607,880 common shares of Algonva Central Railway has been sold to Canadian interests for a net realisation of approximately £4.36m. after taking account of the 25 per cent surrender of investment currency premium.

SCOTTISH ASSAM

The offer by Botroco for the Scottish Assam Tea has been declared unconditional. Acceptance of £2m. has been received in full.

PRINCE OF WALES HOTELS

Prince of Wales Hotels is acquiring the Clifton Hotel at the promenade, Clifton, Bristol, for £2.5m. The offer is subject to a cash, £25,000 to be left over by the vendor.

Wimpey builds up 13% stake in Mowlem

George Wimpey, Britain's biggest building and civil engineering group, now holds a 13 per cent share in contractors Mowlem. Mowlem, which has surplus cash after disposing of the majority of its interest in property group Oldham Estate, has in the past year paid £3m. for Wincote Investments, the property investment and development group, and £1.5m. for building materials distributor, for £1.5m.

MERGER WOULD RAISE PRICES CLAIMS JOHNSON

Johnson Group Cleaners has followed up its earlier rejection of Sketchley's takeover bid for the company with a spirited rebuttal in which it was sent to shareholders yesterday.

PLESSEY CONTROLS

The Plessey Group has formed a new product subsidiary, Plessey Controls, which will incorporate the interests of the former Traffic and Instrumentation division and of Plessey Numerical Controls. Both activities are centred at the group's establishment at Poole, Dorset.

NEWS ANALYSIS - \$82m. U.S. ACQUISITION

Beecham set for fast growth

The growing attraction of U.K. companies to the U.S. market which manages to combine the advantages of fast growth and continued strict financial discipline has been highlighted again by an \$82m. bid announced yesterday by Beecham, the British-based pharmaceutical and consumer products group.

SACCONI & SPEED

Sacconi and Speed has formed a new company, the West India Rum Company London, specifically to handle all its bulk rum sales. All rum purchasing will continue through Sacconi and Speed Services.

RENTOKIL GROUP LIMITED

Preliminary Announcement

Table with 2 columns: 1976, 1975. Rows: Group turnover, Group profit before tax, Group profit after tax, Earnings per share, Dividends (Interim paid, Final proposed).

RENTOKIL guards your property

These figures exclude extraordinary credits of £1,126,000 (1975: £960,000). They comprise exchange differences and a surplus on the sale of quoted investments.

RENTOKIL guards your property

The Company propose to capitalise reserves by a scrip issue of one share for every two shares held. The new shares will not rank for the final dividend of 1976.

RENTOKIL guards your property

Share register struck for dividend 12th April; Report and Accounts to shareholders 7th April; Annual General Meeting 3rd May at Chartered Accountants Hall, Moorgate Place, London.

RENTOKIL guards your property

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£2.4m. loss by British Land

A SMALL improvement was achieved by property Land and developers British Land in the half-year to September 20, 1976, with net profit before tax being reduced to £2.4m. from £2.4m. Gross rental income rose from £7.1m. to £8m. despite large sales of income-producing properties.

Bland Pay almost doubled

PRE-TAX profits of Bland Holdings, the industrial arm of the Midland group, for the year ending 1976, rose in 1976, from £1.2m. in 1975, to £2.4m. in 1976. The increase is due to the sale of the company's interest in the Midland group.

Bright future seen by Wm. Whittingham

No startling performance will be attained by building, estate and property developers William Whittingham (Holdings) during the current year but, in the absence of unforeseen circumstances, the group is expected to trade profitably, says Mr. John Wardle, the chairman.

RENTOKIL GROUP LIMITED

Preliminary Announcement

Table with 2 columns: 1976, 1975. Rows: Group turnover, Group profit before tax, Group profit after tax, Earnings per share, Dividends (Interim paid, Final proposed).

RENTOKIL guards your property

These figures exclude extraordinary credits of £1,126,000 (1975: £960,000). They comprise exchange differences and a surplus on the sale of quoted investments.

RENTOKIL guards your property

The Company propose to capitalise reserves by a scrip issue of one share for every two shares held. The new shares will not rank for the final dividend of 1976.

RENTOKIL guards your property

Share register struck for dividend 12th April; Report and Accounts to shareholders 7th April; Annual General Meeting 3rd May at Chartered Accountants Hall, Moorgate Place, London.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

JPY 100/150

THE SOUTH AFRICAN PUBLIC SECTOR

Inquest on State involvement

BY RICHARD ROLFE IN JOHANNESBURG

FOR A country which prides itself on being one of the last bastions of capitalism, the South African economy has a surprisingly large public sector. Taking the largest businesses in the country in terms of gross assets, no less than six—the South African Railways and Harbours, which controls South African Airways, ESCOM, ISCOR, the Reserve Bank, the Post Office and the Land Bank—are State-controlled.

group Sanlam and a director of the private sector to be in numerous companies. The main thrust of his recent book, "Assault on private enterprise: freeway to Communism," should be text for the Treasury to decline support for the insolvent town-ship developer, Glen Aml. But after only a month, Dr. Wassenaar observes of the South African economic system that "everyone is a capitalist as far as his personal interests are concerned, but at the same time he is not against the principle of State assistance as far as possible."

ISCOR mines iron ore for its own consumption and for export, and owns and manages the railway from Sishen to the new port of Saldanha, which is the key to the present build-up in ore exports to a planned 28m. tons annually. Sale of the Corporation anything like the balance-sheet value of its assets would absorb several years of the discretionary cash flow of local investment institutions. More immediate is probably the sale of the quoted interests in local companies. ISCOR holds an 80 per cent. interest in the Corporation had a turnover of R800m. and an operating loss of R30m., while the balance-sheet value of its assets was R277m.

present 40c, but its asset value is about 130c per share. ISCOR paid 60c for its stake and Dr. Muller believes the shares are worth more. ISCOR is not prepared to sell at a loss but is "ready to receive a realistic offer." An alternative might be to break up the components of Metkor but the only positive step so far in this direction has been last November's abortive negotiations with the Dutch group Verolme to sell Fowler Holdings, Metkor's 60 per cent. owned construction arm. Metkor's record is solid rather than exciting, but ISCOR's ferro-steel companies such as Dorman Long and in the engineering sector. With 54m. shares in many years of profitable growth, Metkor is capitalised at R22m. at the term dividend records of any

Johannesburg-listed share. This has been largely thanks to rising demand for its manganese ore, which last year showed pre-tax profits of R45m. on sales of R70m., giving one of the best profit margins outside the richer gold mines. But at 800c, Samancor is capitalised at R220m., valuing ISCOR's stake at R100m. and only a handful of institutions could sign a cheque for that amount. So despite the brave talk on both sides of industry about the need for State investment, action will probably be limited by the Government's unwillingness to sell cheaply and the private sector's reluctance to buy at anything other than knock-down prices. But none of this is likely to resolve the debate on the proper role of the State in the economy.

Overseas sales all hits Krupp recovery hopes

ADRIAN DICKS BONN, March 1.

DRICH KRUPP, the West German steel and engineering giant, has been brightened by the 10 per cent drop in new orders received during 1976. This is put down to a release of preliminary figures for 1976 to-day that made it clear the group has not yet over the difficulties in major sectors were favourable, although its (E15m.) loss in 1976. Industrial plant construction orders were predictably down after they had been pushed abnormally high by a small number of very large orders last year.

In this context, the barter deal with Iran which Krupp confirmed last month in which the company will take payment in crude oil for exports of manufactures, would appear to have come at an opportune time for Krupp. No further details of either the deal itself or of the sales Krupp hopes to make through it have been provided. However, the company stated to-day that Iran has now made a DM28m. cash payment towards the planned capital increase that is being used as the means of which Krupp is heavily giving its 11 per cent to DM5.8bn. Krupp's capital up to DM700m. by year, the prospects for 1978.

Sales and profits higher at Brown Boveri

NET PROFITS OF BEC AG Brown Boveri and Cie of Baden, the Swiss parent company of the Brown Boveri engineering group, rose to Sw.Frs.38m. last year, in comparison with Sw.Frs.25.1m. for 1975. Turnover of the parent company went up 9 per cent. over the year to Sw.Frs.1,930m., although the value of orders received was slightly below the 1975 level, at Sw.Frs.1,940m. The Board is to recommend payment of an unchanged dividend of Sw.Frs.50 per Bearer share series "A" and Sw.Frs.10 per Registered share series "B" and per participation certificate.

Philips raises Schneider stake

PHILIPS France SA, part of the NV Philips Gloeilampenfabrieken group, has increased its stake in Schneider radio-televisie's 31m. franc capital to 92 per cent. from 86 per cent., the Paris Stockbrokers Association said, according to Reuter. Philips is offering to buy all Schneider shares tendered to it between March two and 29 inclusive at francs 150 per share, the price which it acquired just under 19,900 shares to-day.

Same Lindt payout

THE SWISS chocolate company Chocolatfabriken Lindt Sprangli of Kilchberg, recommends payment for 1976 of an unaltered dividend of Sw.Frs.90 per bearer and registered share and similarly unchanged transfers to reserves totalling Sw.Frs.400,000 reports our Zurich correspondent. Net profits rose slightly to Sw.Frs.2,16m. (2.1m.) in 1976 despite a 6 per cent. decline in parent-company turnover to Sw.Frs.126.7m. World sales including licence income, rose by 4.6 per cent., however, to Sw.Frs.216m. (2.1m.) in 1976.

NMB rights plan

MICHAEL VAN OS AMSTERDAM, March 1.

MOST pronounced profit Fls.22.3bn. at the end of 1976, in the Dutch banking also revealed that in response to so far came to-day from the continuing major growth of nederlandse Middenstands business a rights issue of one of the major Dutch banking for ten can be expected in the which specialises in ser- near future. The bank added in its state- ment that last year's total revenue had shown an increase of 25 per cent., while expenses went up by only 14 per cent. The addition to the provisions of the first half of was raised by Fls. 35.6m., while the bank proposes in the dividend by Fls.1.50 to per share of Fls.50. The bank's plus subordinated loans—has already been expanded in the 50 in shares. The sum of already being used as the means of which Krupp is heavily giving its 11 per cent to DM5.8bn. Krupp's capital up to DM700m. by year, the prospects for 1978.

KF Steel optimism

KENNETH GOODING

STEEL, the steel stock customers during an open day at and engineering products the Newport Pagnell head- quaters of the Swedish SKF group. Formation of the division was arly £10m. by 1980, declared the single most important Robin Read, the managing event since the company's initial tor, yesterday. Into steel stockholding in- stitutions will come 1970, and it means the beginning of a period of further substantial growth. SKF has invested £200,000 in ding SKF's own Lidköping capital for SKF Steel since 1970 and profits have been ploughed back for expansion. It now has 48 employees, following the addi- tion of 12 when the engineering division was launched.

DOMESTIC BONDS First issue by Quebec

PAULINE CLARK

THE issue of Quebec is shortly to be reduced by use its first bond in the terms of the issue compris- ing Canadian domestic capital an option to holders when it set. Although a proportion becomes due in 1982 to extend maturity by another five years at institutions a public offering 91 per cent. of another 15 years proportion of the issue is at 91 per cent. Initially the issue carries a 91 per cent. coupon priced at par compared with the recent Ontario Hydro bond with the same rate and issue price but a 27-year life. Meanwhile a first quotation is expected to-day (Wednesday) on the latest Alberta energy issue for AEC Power which is raising \$275m. at 91 for 20 years with

Unilever in 1976

The Directors of Unilever announce the Companies' provisional results for the fourth quarter and for the year 1976, and their ordinary dividend proposals. The results are subject to completion of the consolidated accounts and audit.

Exchange Rates As has been our practice throughout the year the results for the fourth quarter and the comparative figures for 1975 have been calculated at comparable rates of exchange being based on £1 = Fl. 5.43 = US\$ 2.02, which were the closing rates for 1975. Profit attributable to ordinary capital for the fourth quarter 1976 has also been recalculated at the closing rates for 1976 being based on £1 = Fl. 4.18 = US\$ 1.70 which will be used for the Annual Accounts 1976.

The results and earnings per share for the full year 1976 have been calculated at the closing rates for 1976. The 1975 figures for the full year are based on the closing rates for 1975. The trends are therefore influenced by the changes in exchange rates during the year. For comparison purposes the trends have also been shown based on comparable rates of exchange.

Table with columns: Combined Results (£ millions), Fourth Quarter 1976, 1975, Increase, Full Year 1976, 1975, Increase, Closing Rates, Comparable Rates. Rows include: SALES TO THIRD PARTIES—Combined, OPERATING PROFIT, PROFIT BEFORE TAXATION, PROFIT ATTRIBUTABLE TO ORDINARY CAPITAL, Dividends on ordinary and deferred capital, Profit of the year retained, Earnings per 25p of capital.

Results—Fourth Quarter In comparison with the very good 1975 fourth quarter sales were up by 12 per cent, more than half of which arose from higher volume. For the quarter, profits in Europe other than the United Kingdom were below those of the corresponding quarter of 1975. Oil milling results were disappointing due to unsettled conditions in the meal market. The cost of introducing new products was a cause of lower profits in detergents in several countries. Sundry foods, animal feeds and the industrial groups continued to improve. Outside Europe, sales and profits were generally good. UAC International also did well. The Year For the year as a whole sales increased by 14 per cent at comparable rates of exchange with volume accounting for 8 per cent. As a result of the fall of sterling during the year the increase in sales and profits is much higher when expressed at 1976 closing rates of exchange. In Europe there was a major improvement in most product groups as compared with the poor results in 1975. However, margins in general are still too low. Results in edible fats and other foods, chemicals, paper, plastics and packaging and animal feeds showed a marked recovery. Frozen foods and ice cream again did well. Our toilet preparations businesses showed further growth. Our two major meat companies continued to make operating losses. These were increased by heavy costs of restructuring in the United Kingdom. In North America results were generally satisfactory. In most other countries outside Europe there was further sales and profits growth. UAC International contributed substantially to the higher 1976 results. Dividends The Boards today resolved to recommend to the Annual

General Meetings to be held on 11th May, 1977 the declaration of final dividends in respect of 1976 on the Ordinary capitals at the following rates, which are equivalent in value at today's rate of exchange in terms of the Equalisation Agreement between the two companies:— LIMITED 11.78 pence per original 25 pence Ordinary share (1975: 8.43 pence), bringing the total of LIMITED's dividend declarations for 1976 to 19.24 pence per share (1975: 13.67 pence). N.V. Fl. 5.16 per Fl. 20 Ordinary capital (1975: Fl. 4.72) bringing the total of N.V.'s dividend for 1976 to Fl. 8.36 per Fl. 20 Ordinary capital (1975: Fl. 7.65). The N.V. final dividend will be paid on 23rd May, 1977. Because of the fall since last year in the sterling/guilder exchange rate, LIMITED will be obliged under the Equalisation Agreement to increase its total dividend declarations for 1976 by an amount which exceeds the statutory limit of 10 per cent currently in force for United Kingdom companies. As before the Treasury have agreed to such declarations by LIMITED, subject to the condition that the total amount paid to shareholders by way of dividends for 1976 is kept within the statutory limit and payment of the balance of 1976 dividends is postponed. It is therefore again proposed to make the final dividend of LIMITED payable by instalments. The first instalment of 7.01 pence per share would be paid on 23rd May, 1977 to shareholders registered in the books of the Company on 29th April, 1977. This payment would bring LIMITED's dividend payments for 1976 up to 11.19 pence per share which is within the statutory limit. The balance of LIMITED's 1976 final dividend which together with the deferred balance of earlier dividends would amount in total to 17.53 pence per share, would be paid when circumstances permit to holders of Ordinary capital now in issue registered at the time of payment.

Advertisement for Kuhn Loeb & Co. listing officers: Stephen W. Bershad, Edward N. Giobbe, K. E. Michael Handrick, Philip M. Skidmore, Anthony C. Thorne. Also listing offices: New York, Chicago, Dallas, San Francisco, London, Tokyo.

Advertisement for Unilever with logo 'U' and text: Shareholders are reminded that for the purpose of equalising dividends under the Equalisation Agreement the United Kingdom Advance Corporation Tax in respect of any dividend paid by LIMITED has to be treated as part of the dividend. The Report and Accounts for 1976 will be published on 20th April, 1977.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Montedison shares fall on rights issue news

BY PAUL BETTS
ROME, March 1.
MONTEDISON SPA shares fell by 6 per cent. on the Milan Bourse today as an immediate market response to the company's announcement last night of a proposed L392bn. (about £263m.) rights issue.

Broken Hill arranges \$40m. borrowing

BY JAMES FORTH
SYDNEY, March 1.
BROKEN HILL Proprietary, Australia's largest company, has arranged a \$40m. loan from a syndicate of American banks, only a short period after a large borrowing.

JAPANESE COMPANIES Nichii issue planned

BY PAULINE CLARK
THE Nichii supermarket chain As a fast expanding group— industrial and fine chemicals, plastics and synthetic fibres let group of Japan is planning to raise some \$25m. overseas. ing space was planned this year through an equity issue either in the form of European or Continental Depository Receipts, Japanese companies recently market sources in London— confirmed yesterday. The issue is understood to be still in the early stages of negotiation but the offering is expected to be made through Nomura (Europe) NV and Kleinwort, Benson Ltd.

EUROBONDS Caution on EIB \$150m. issue

BY TONY HAWKINS
THE EUROPEAN Investment Bank is to raise \$150m. in the Eurobond market with a three-tranche issue expected to be announced later this week.

Philippine finance companies' assets rise

TOTAL assets of the Philippines' seven largest finance companies increased by 40 per cent. to 2,636.7m. pesos (about \$352m.) from 1976's 1,853.4m. pesos (about \$242m.), according to a report published yesterday.

PKbanken 50% earnings rise

BY WILLIAM DULLFORCE
STOCKHOLM, March 1.
PKBANKEN, Sweden's State-owned commercial bank reports a 50 per cent. earnings gain in 1976 to Kr.493m. (€88m.) and an improvement in profitability, which brings it closer to the level of the Swedish private commercial banks.

Sumitomo profits steady

SUMITOMO CHEMICAL yesterday reported modest profits as further testimony to the Japanese chemical industry's poor state of health, reports Douglas Ramsey from Tokyo.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

Table with columns for bond types (STRAIGHTS, FLOATING RATE NOTES, D. MARK BONDS) and various bond specifications with their corresponding prices.

Optimism for 1977 at Boise Cascade

FRANKFURT, Germany. BOISE CASCADE expects 1977 to be a better year than 1976, chief executive officer E. Fery said, but he forecast first quarter earnings, reports Reuters.

ATT purchase worth \$7bn.

AMERICAN TELEPHONE Telegraph said that it purchased over \$7bn. worth of outside suppliers, reports from New York.

Arco-Trans Mont agreement

ATLANTIC RICHFIELD Trans. Mountain Pipeline they had agreed in principle a system for transporting oil from the U.S. west coast refineries in the north.

WARNER-LAMBERT

Small table with financial data for Warner-Lambert, including revenue and profits.

VOLVO \$35,000,000 Aktiebolaget Volvo 8% Bonds due March 1, 1987. Merrill Lynch International & Co. Svenska Handelsbanken. Skandinaviska Enskilda Banken. Algemene Bank Nederland N.V. Crédit Lyonnais. Credit Suisse White Weld Limited. Hambros Bank Limited. Société Générale de Banque S.A. Union Bank of Switzerland (Securities) Limited.

Texas Oil & Gas Corp. \$75,000,000 First Mortgage 8 1/4% Bonds, Series G, Due 1997. Kuhn Loeb & Co. The First Boston Corporation. Morgan Stanley & Co. Goldman, Sachs & Co. Merrill Lynch, Pierce, Fenner & Smith. Salomon Brothers. Blyth Eastman Dillon & Co. Dillon, Read & Co. Inc. Bache Halsey Stuart Inc. Blyth Eastman Dillon & Co. Hornblower & Weeks-Hemphill, Noyes. Drexel Burnham & Co. Kidder, Peabody & Co. Lazard Frères & Co. E. F. Hutton & Company Inc. Lehman Brothers. Loeb Rhoades & Co. Inc. Paine, Webber, Jackson & Curtis. Reynolds Securities Inc. Smith Barney, Harris Upham & Co. Warburg Paribas Becker Inc. Wertheim & Co., Inc. White, Weld & Co. Dean Witter & Co. Bear, Stearns & Co. L. F. Rothschild & Co. Shearson Hayden Stone Inc. Shields Model Roland Securities. ABD Securities Corporation. Baer Securities Corporation. Basle Securities Corporation. Robert Fleming. New Court Securities Corporation. The Nikko Securities Co. SoGen-Swiss International Corporation. UBS-DB Corporation. Verems- und Westbank. Yamaichi International (America), Inc.

Handwritten Arabic text at the bottom of the Volvo advertisement.

OVERSEAS MARKETS FOREIGN EXCHANGES

Strong technical rebound in foreign exchange markets

Foreign exchange markets showed a strong technical rebound on Monday, with the pound and dollar leading the way...

STERLING - Pound steady

Sterling showed little change on balance in the foreign exchange market yesterday, but may have required official support...

YOKO - Lower in very active trading

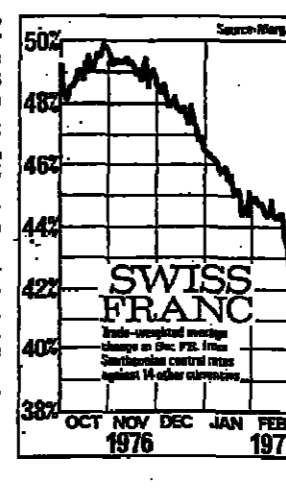
Yokohama was lower in very active trading, with the yen showing a slight decline against the dollar...

SWISS FRANC - Higher in moderate trading

The Swiss franc recovered its early losses following support from the Swiss central bank...

GOLD MARKET

Table showing gold market prices for various locations including London, New York, and Amsterdam.



FOREIGN EXCHANGES

Table showing foreign exchange rates for various currencies including the dollar, yen, and pound.

SPECIAL DRAWING RIGHTS RATES

Table showing Special Drawing Rights (SDR) rates for various countries.

OTHER MARKETS

Table showing prices for various commodities and other market indicators.

OTHER MARKETS

Canada higher - Canadian stock markets also were broadly higher in moderate trading yesterday...

AMSTERDAM - Predominantly higher

Amsterdam was predominantly higher, with the guilder showing a slight gain against the dollar...

OSLO - Banks and Shippings were quiet

Oslo was quiet, with banks and shipping companies showing little activity in the market...

VIENNA - Mainly steady

Vienna was mainly steady, with the schilling showing minimal fluctuations...

INDICES

Table showing stock indices for New York, London, and other major markets.

N.Y.S.E. ALL COMMON

Table showing the New York Stock Exchange All Common stock index.

MONTECARLO

Table showing stock indices for Monte Carlo.

JOHANNESBURG

Table showing stock indices for Johannesburg.

EXCHANGE CROSS-RATES

Table showing cross-rates for various currencies.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for Euro-currency deposits.

STOCKS AND BONDS

Table showing stock and bond prices for various companies.

INDICES AND ONE DAY CHANGES

Table showing daily changes in various indices.

GERMANY

Table showing stock prices for various German companies.

MILAN

Table showing stock prices for various Italian companies.

AUSTRALIA

Table showing stock prices for various Australian companies.

OVERSEAS SHARE INFORMATION

Large table providing detailed share information for various international companies, including names, prices, and dividends.

ENTERTAINMENT GUIDE

A case against profit sharing

BY BRIAN COLE

THE ARTICLE by George Cope... already gone too far along the road of irresponsibility...

Level of risk

Profit sharing legislation satisfies neither of these criteria and represents unnecessary Government interference.

Objectives

Several objectives are desired by proponents of profit-sharing schemes, but it may be judged that none of these is best achieved by the tax favouring of schemes based on employee shares.

Comparisons

The objectives of the proposed profit-sharing scheme are mixed: it will encourage savings investment, reduce tax avoidance, spread of share ownership, first three may be furthered by some favourable tax treatment...

ENTERTAINMENT GUIDE listing THEATRES, CINEMAS, ART GALLERIES, and CLUBS with various showtimes and prices.

Why has Europe enthusiastically adopted the 20AX colour TV system?

Mullard advertisement for the 20AX colour TV system, featuring technical details, diagrams of convergence circuits, and a large image of a television set.

Financial Times logo and stock market data on the left margin.

AUTHORISED UNIT TRUSTS

Main table listing various unit trusts, their managers, and performance data.

BASE LENDING RATES

Table of base lending rates for various banks and financial institutions.

INSURANCE BASE RATES

Table of insurance base rates for different types of policies.

CORAL INDEX Close 416-415

Advertisement for British Limbless Ex-Service Men's Association, featuring a photo of a man and text about assistance.

INSURANCE, PROPERTY, BONDS

Table listing various insurance and property services, including life assurance and investment funds.

OFFSHORE AND OVERSEAS FUNDS

Table listing offshore and overseas investment funds and their details.

Prop. Equity & Life Ass. Co. V.

Table listing property, equity, and life assurance companies and their services.

NOTES

Table of notes and financial information, including interest rates and company details.

CHRISTIE & CO. Specialists in the sale of privately owned businesses & companies. Auctioneers & Licensed Dealers.

FT SHARE INFORMATION SERVICE

CANADIANS table with columns for Stock, Price, Div, Yld, and % Chg.

BUILDING INDUSTRY - Continued table with columns for Stock, Price, Div, Yld, and % Chg.

DRAPERY AND STORES - Continued table with columns for Stock, Price, Div, Yld, and % Chg.

ELECTRICAL AND RADIO table with columns for Stock, Price, Div, Yld, and % Chg.

ENGINEERING - Continued table with columns for Stock, Price, Div, Yld, and % Chg.

BRITISH FUNDS table with columns for Fund Name, Price, Div, Yld, and % Chg.

BANKS AND HIRE PURCHASE table with columns for Stock, Price, Div, Yld, and % Chg.

CHEMICALS, PLASTICS table with columns for Stock, Price, Div, Yld, and % Chg.

ENGINEERING, MACHINE TOOLS table with columns for Stock, Price, Div, Yld, and % Chg.

FOOD, GROCERIES, ETC. table with columns for Stock, Price, Div, Yld, and % Chg.

INTERNATIONAL BANK table with columns for Stock, Price, Div, Yld, and % Chg.

CINEMAS, THEATRES AND TV table with columns for Stock, Price, Div, Yld, and % Chg.

DRAPERY AND STORES table with columns for Stock, Price, Div, Yld, and % Chg.

INDUSTRIALS (Miscellaneous) table with columns for Stock, Price, Div, Yld, and % Chg.

INDUSTRIALS (Miscellaneous) table with columns for Stock, Price, Div, Yld, and % Chg.

BEERS, WINES AND SPIRITS table with columns for Stock, Price, Div, Yld, and % Chg.

BUILDING INDUSTRY, TIMBER AND ROADS table with columns for Stock, Price, Div, Yld, and % Chg.

AMERICANS table with columns for Stock, Price, Div, Yld, and % Chg.

HOTELS AND CATERERS table with columns for Stock, Price, Div, Yld, and % Chg.

INDUSTRIALS (Miscellaneous) table with columns for Stock, Price, Div, Yld, and % Chg.

FOREIGN BONDS & RAILS table with columns for Stock, Price, Div, Yld, and % Chg.

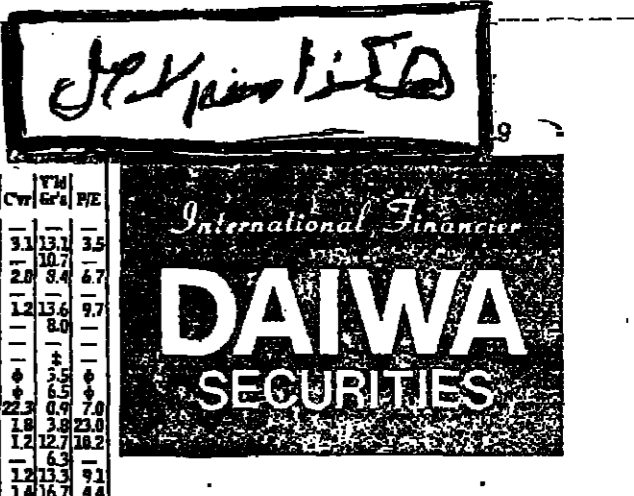
AMERICANS table with columns for Stock, Price, Div, Yld, and % Chg.

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AMERICANS table with columns for Stock, Price, Div, Yld, and % Chg.

AMERICANS table with columns for Stock, Price, Div, Yld, and % Chg.

Conversion factor 0.7272 (0.7280)



INDUSTRIALS - Continued table listing various industrial companies and their stock prices.

MOTORS, AIRCRAFT TRADES table listing motor and aircraft related companies and their stock prices.

PROPERTY - Continued table listing property-related companies and their stock prices.

SHIPPERS, REPAIRERS table listing shipping and repair companies and their stock prices.

TRUSTS - Continued table listing various trusts and their stock prices.

International Financial DAIWA SECURITIES logo and contact information.

MINES - Continued table listing mining companies and their stock prices.

CENTRAL AFRICAN table listing Central African companies and their stock prices.

AUSTRALIAN table listing Australian companies and their stock prices.

TINS table listing tin companies and their stock prices.

COPPER table listing copper companies and their stock prices.

MISCELLANEOUS table listing miscellaneous companies and their stock prices.

NOTES section providing financial notes and disclosures.

TEAS table listing tea companies and their stock prices.

INDIA AND BANGLADESH table listing companies from India and Bangladesh.

SRI LANKA table listing companies from Sri Lanka.

AFRICA table listing companies from Africa.

NEWSPAPERS, PUBLISHERS table listing newspaper and publishing companies.

PAPER, PRINTING, ADVERTISING table listing paper, printing, and advertising companies.

PROPERTY table listing property-related companies.

TEXTILES table listing textile companies and their stock prices.

TOBACCO table listing tobacco companies and their stock prices.

TRUSTS, FINANCE, LAND table listing trusts, finance, and land companies.

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AFRICA table listing companies from Africa.

FACTORIES WAREHOUSES 20% Rent Rebates for Ind... Rent Fairview from: 65p PHONE 01-366

Cheverton Workboats built for the job 6m-23m Covers, Isle of Wight, Tel. Cowes 5531 Telex: 86486.

SHIPOWNER TO QUIT U.K. OVER 'COMMUNIST VENDETTA'

Tycoon Tikkoo's tanker stranded

BY JOHN WYLES, SHIPPING CORRESPONDENT

MR. RAVI TIKKOO, the shipowner, yesterday took time off from planning an airborne rescue of his strike-bound tanker at Le Havre to warn that he and his family will be quitting Britain because of a Communist vendetta.

Navy and Airline Officers' Association. An ex- lieutenant in the Indian Navy, Mr. Tikkoo is clearly furious at the controversy surrounding his ship. Making little attempt to curb his pugnacity, he said that he was trying to acquire five or six helicopters so that he and his personal security guards could mount an attempt to take over the ship. He hoped that the attack could be launched in a couple of days "but I will not go without the permission of the French authorities."

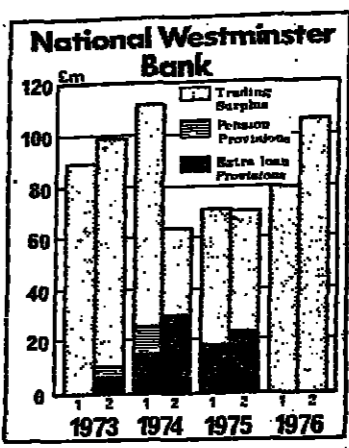
Merchant navy unions throughout Europe, acting under the umbrella of the International Transport Workers' Federation (ITF), are anxious to bring pay rates on a par with those of the merchant navy officers unions last night that he was indulging in "buccaneering" in a fashion more reminiscent of two centuries ago. They are worried that the shipowner's outbursts are obscuring what they claim is a straightforward industrial dispute over pay rates on a flag of convenience vessel.

Mr. Tikkoo's determination to go on the offensive brought an accusation from three merchant navy officers unions last night that he was indulging in "buccaneering" in a fashion more reminiscent of two centuries ago. They are worried that the shipowner's outbursts are obscuring what they claim is a straightforward industrial dispute over pay rates on a flag of convenience vessel.

Mr. Tikkoo refuses to recognize the ITF and says the Filipinos are not demanding a pay rise but a £150,000 ransom before they release the ship. He disputes the claim made yesterday by Mr. Charles Blyth, the ITF general secretary, that the Filipinos are paid \$300 a month less than the ITF standard.

THE LEX COLUMN Beecham's U.S. expansion

Index fell 0.3 to 410.4



The idea that Beecham had found a way around dividend controls pushed the shares up 30p to 438p at one stage yesterday, so the news of its \$92m purchase in the U.S. inevitably came as a big anti climax. The deal has no implications for the dividend, and on paper it looks very expensive.

However, the business has a number of brand leaders and its biggest single product—an anti-static fabric softener—has around 8 per cent of a \$800m market which is said to be growing at 15 per cent a year in volume terms. Colgate's sales have doubled to \$100m since 1972, and it shares virtually the same outlets as Beecham's existing consumer products side in the U.S. The deal will triple the group's sales in this area.

Moreover Beecham has a successful record of acquisitions overseas, and has no problems in financing this latest move. Over two-thirds of the consideration is deferred for up to two years, and probably about a half of the total cost will be funded long term in the U.S. Colgate will more than cover its finance costs in year one, and produce a "significant" improvement thereafter.

The final point is that Beecham is certainly concerned about its low dividend yield and high cash balances. The fact that yesterday's speculation pushed its capitalisation up by as much as \$40m; can only help to concentrate its mind.

Unilever's 1976 profits are broadly in line with outside targets at \$805m, pre-tax, up \$277m. About an eighth of the upturn arises from exchange movements which is one reason to anticipate a far less explosive performance in 1977. Others include the probability that volume growth will fall short of last year's 8 per cent.

There was a "negligible" growth in sterling advances so the improvement came from the combination of a base rate 0.66 per cent higher, improved notional costs associated with spreads and a dramatic reduction in the reliance on "whole-

Unilever's 1976 profits are broadly in line with outside targets at \$805m, pre-tax, up \$277m. About an eighth of the upturn arises from exchange movements which is one reason to anticipate a far less explosive performance in 1977.

Butter export subsidies of £44m. beat ban

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

THE EMERGENCY measures which the European Commission took last week on the orders of Mr. Roy Jenkins, its president, to try to halt costly exports of EEC butter to the Soviet Union, came too late to prevent the issuing of Community export subsidies worth £44m.

There is no question of the Commission revoking the subsidies already issued, even though most of the butter for which they have been granted has apparently not yet been shipped.

Commission officials said M. Doumeng appeared to be having some difficulty locating enough butter in France to fulfil the Soviet order. He was believed to be scouring the market in other EEC countries, notably Germany. It is expected the seasonal increase in production in the spring will make additional supplies available.

Bancal rejects bid by Standard Chartered

BY STEWART FLEMING NEW YORK, March 1

THE DIRECTORS of Bancal State Bank have rejected a \$130m offer by the London-based Standard Chartered Bank to acquire its subsidiary, the Bank of California.

The Bancal directors said that considering the "excellent prospects for future growth and other relevant factors the Board determined that the offer was not in the best interests of the corporation and its shareholders."

\$5m. from aid fund for Scott Lithgow

BY JOHN WYLES, SHIPPING CORRESPONDENT

THE FIRST allocation from the Government's \$5m. shipbuilding intervention fund was announced yesterday. Scott Lithgow, on the Lower Clyde, is to receive \$5m to help save a 280,000 deadweight ton supertanker contract.

Work on the tanker was suspended last summer when Maritime Fruit Carriers, the original holder of the contract, defaulted on preliminary payments.

Shell, BP accused over sanctions

BY MARTIN DICKSON

ALLEGATIONS that British Petroleum and Shell have been indirectly involved in breaking an independent investigation of the claims in view of BP's majority public ownership.

Mr. Tom Jackson, leader of the Post Office Workers' Union, and an opponent of apartheid, is one of the Government's non-executive directors at BP and he is likely to raise the report at the company's Board meeting tomorrow.

Owen gives pledge on EEC poll

By Philip Rawstone

DR. DAVID OWEN, in his first Commons speech as Foreign Secretary yesterday, reassured that the Government would do its utmost to meet next year's target date for direct elections to the European Parliament.

New £ index in use

BY MICHAEL BLANDEN

THE POUND showed little change in foreign exchange markets yesterday as the new index of its value against other currencies introduced by the authorities came into use for the first time.

The new index replaces the previous basis of calculating the effective rate of sterling against other currencies. The rate is now worked out on the basis of a basket of 21 currencies including sterling included in the old calculation. And it is presented as an index rather than an effective depreciation from December, 1971, levels.

Callaghan to hold talks on devolution

BY RICHARD EVANS, LOBBY EDITOR

THE PRIME Minister has decided to take part in the initial attempts within the next week to salvage the government's commitment to its devolution legislation.

Foot, the Minister responsible for devolution, will meet Mrs. Thatcher in the next few days for a preliminary discussion. Mr. Foot has also sent invitations to the Scottish National Party, Plaid Cymru, the United Ulster Unionists, Mr. Gerry Fit of the Social Democratic and Labour Party, Mr. Frank Maguire, the Independent Republican MP for Fermanagh, Mr. Jim Sillars, of the Scottish Labour Party, and the two "Independent" Northern Ireland MPs, Mr. William Craig and Mr. James Rutherford.

'Petty-minded'

But Mr. John Davies the Tory spokesman, demanded that the Government should introduce a Bill immediately. "Disenchantment with our country within the Community has never been greater than it is today. It is pitiful to contrast it with the situation five years ago."

Weather

U.K. TO-DAY Mild except for Scotland, which will be cold with rain or snow. Occasional drizzle and fog elsewhere.

Table with columns for U.K. TO-DAY, BUSINESS CENTRES, HOLIDAY RESORTS, and WEATHER. Includes locations like Amsterdam, Barcelona, Madrid, London, etc.

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Continued from Page 1 Leyland To-day's debate is bound to raise questions over Leyland's ability to continue on the strict lines laid down in the Ryder Report, on which the Government's reconstruction plan was based, and the need for a stronger commitment to industrial peace by the Leyland workforce.

Dr. Owen said that the Government had been considering its options on Rhodesia with the U.S. and had also held talks at official level with South Africa.

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